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EDITORIAL

As We See It

The President has decided not to ask Congress for legislation providing him with "stand-by" authority to regulate consumer credit. He has done so in reliance upon advice by his economic counsellors and an opinion by the Board of Governors of the Federal Reserve System that "the broad public interest is better served if potentially unstabilizing credit developments are restrained by the use of general monetary measures and the application of sound public and private fiscal policies." We commend both the President's decision and the opinions of the President's advisors. There is no health in government interference with natural forces in an endeavor to counteract errors by public authorities. We may hope now to hear no more of proposals to reinstate Regulation W and the like.

It would be well, however, if meanwhile both government officials and the general public did not cease for this reason to try to gain a better understanding of this vexed subject of consumer credit and the forces which underlie its expansion during recent years. To begin with, consumer credit is not something wholly different from other types of credit in respect of its general nature or its function in the economic world. In point of fact, a very substantial part of it is not consumer credit at all in any real sense of the term. It is supposed to be credit extended to finance the purchase of goods or services (usually, although not always, durable goods) destined for personal rather than business use. But in actual

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Stock Market Outlook Until And After Dynamic 1960's

By PHILIP J. FITZGERALD*

Partner, Dean Witter & Co., San Francisco, Calif.

Dividing the Stock Market outlook into two phases, investment banking analyst suggests criteria for investment selections during the economic plateau of the foreseeable future and for the succeeding dynamic 1960's. Besides considering the limiting and sustaining factors in the economy, Mr. FitzGerald compares the outperforming earnings, dividends, and market prices of blue chip equities as against general industry gains, and avers future prospects of growth and of price inflation provide most positive reasons for such investments today. Observes spiraling private debt structure and growing illiquidity; weighs the impact of international problems on investment decisions; and doubts interest rates will collapse as in 1953-1954—though current peak may be passed.

It seems most likely that for the balance of 1957 the stock market will be contained within the broad trading range of the past year, with: (1) The highs probably below the highs of the spring of 1956, which came prior to the Federal Reserve's restrictive credit policy; and (2) The lows probably somewhat above the lows of last February, which were marked by the emotional selling by those fearful of a nearby "hair curling" depression.

Philip J. FitzGerald

There are eight reasons for expecting the market to remain within this broad trading range—four limiting, and four sustaining factors. The four sustaining factors are based essentially on the thinking of the institutional investors who have the responsibility of committing approximately $5 million a day in the equities of the blue chip investment leaders. They can be expected to continue

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*A talk by Mr. FitzGerald before the 10th Annual Convention of the Financial Analysts Societies, Cleveland, Ohio, May 22, 1957.

A Tax on White Horses

By ROGER M. BLOUGH*

Chairman of the Board

United States Steel Corporation

The "major hazard to America's future" Mr. Blough declares is the proposal to impose a graduated corporate income tax, and the "widely-expounded doctrine that big business is a menacing evil which must be atomized in the national interest." The U. S. Steel chief officer discusses several fallacies of H. R. Seven and charts possible resulting consequences to the economy and the government's fiscal responsibilities. Looking ahead to a second century of steel, he foresees metals becoming twice as strong as existing ones, capable of resisting extremely high temperatures, and made by equally revolutionary processes as those that made possible the steel industry a century ago.

If we look within the steel industry itself—at its vitality, its inventiveness, and its drive—then clearly, the promise is unlimited. Already we can see before us the prospect of a metal more than twice as strong as any that now exists commercially. We can foresee new steels that will resist—to ever greater degree—the terrific temperatures that are generated by atmospheric friction at supersonic speeds. We can even see the possibility of new steelmaking processes that may be no less revolutionary in their ultimate effect than were the inventions of Kelly and Bessemer a century ago. So on every front we have places to go; and definitely, we are on our way.

Roger M. Blough

And if we look at other American industries around us, and survey all the other branches of our national economy, we find again the infinite promise that lies in their vigor, their ingenuity, and their boundless capacity for growth. For America, too, is going places! But if

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*An address by Mr. Blough before the Centennial Meeting of the American Iron and Steel Institute, New York City, May 23, 1957.

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 36.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

Pacific Intermountain Express Co. —Charles E. Jank, President, Frank Knowlton & Co., Oakland, Calif. (Page 2)

Equity Oil Company—Kiliaen V. R. Townsend, Security Analyst, Dixie Radiant Electric Heat Corp., Atlanta, Ga. (Page 2)

CHARLES E. JANK

President, Frank Knowlton & Co.
Oakland, Calif.

Pacific Intermountain Express Company

Pacific Intermountain Express Co. or P. I. E. as it is usually called, has grown in 1956 to be the largest motor carrier of property in the U. S. in terms of both revenues and net income according to a report compiled and published by the Dept. of Research, American Trucking Association. Commencing operations in 1937, the company has grown at a rate which transcends some of our better known "growth" companies. Such growth to the top of the list has been accomplished by sound management and intelligent future planning. This year is expected to be a period in which the company's forward-looking policies bear fruit in terms of even higher revenues and profits.

Charles E. Jank

P.I.E. and its subsidiary companies operate over 17,600 miles of general freight routes in 14 states which extend westward from Indiana to the Pacific Coast and northward from the Los Angeles area to the Northwest. In addition to being the largest common carrier trucking system in the country, P.I.E. has the largest tank line system in the U. S., operating throughout 11 western states. From the standpoint of "average haul" criterion, P.I.E. is in an exceptionally favorable position. The natural average of common carriers as a group average hauls of approximately 300 miles. P.I.E.'s average haul is nearly 1,500 miles. Moreover, P.I.E.'s West Coast Fast Freight subsidiary's average haul is over 600 miles. Long haul operations are conceded to be almost invariably more profitable than shorter runs.

Capital expenditures last year totaled $6,098,000. This included the purchase of 20 new Dromedaries, 225 new line-haul semi-trailers, 125 new pickup and delivery units, terminals in the Los Angeles area and at Missoula, Montana and Elko, Nevada and a maintenance base at Monticello, Utah. The new Los Angeles area terminal was completed in August 1956 and is the largest built to date for use by any one truck line. Here are housed the general shops moved from Denver, besides combining the Los Angeles terminal operations, which previously were in three separate locations. The result has been faster freight handling and lower operation costs.

Management has increased operating revenues every year from $5,949,000 in 1946 to $52,289,000 in 1956. Net earnings have gained from $177,000 in 1946 to $1,883,000 in 1956. Reported 1956 earnings of $1.27 per share revealed a decline of 14 cents per share from earnings figures reported for 1955. However, in 1956 realized capital gains, net after taxes, contributed about 20 cents per share less to 1956 earnings than to the 1955 earnings per adjusted share. Earnings this year are expected to show a considerable improvement. For example, the first quarter results for 1957 showed a gain to $386,630 or 26 cents per share on 1,479,233 average number of shares outstanding during the period compared with $226,341 or 17 cents per share on 1,344,729 average number of shares outstanding the first quarter of 1956 (1956 number of shares is adjusted for 3-for-1 split but not for 5% stock dividend). Operating net income during the quarter was more than four times as great as last year, increasing from $99,253 to $402,559; net income was 70% greater while per share earnings reported were higher by more than 50%. Furthermore, the first quarter is usually seasonally the poorest of the year. Each year since 1952 the company has paid a 5% stock dividend. Present cash dividend is 80 cents per annum, payable 20 cents quarterly.

Of particular interest is the fact that approximately 10% of P.I.E. shares are owned by the Matson Navigation Co., operating steamship freight and passenger service from San Francisco and Los Angeles to the Hawaiian Islands, the South Pacific, New Zealand and Australia.

P.I.E. is a company which has shown dynamic growth. It is the largest unit in its industry. Its management has been able and aggressive. Selling around $16 in the Over-the-Counter Market, paying 80 cents cash to yield 5% plus 5% in stock, the shares seem attractive for good income plus continued long-term growth and profit potential.

KILIAEN V. R. TOWNSEND

Security Analyst
Dixie Raydiant Electric Heat
Corporation, Atlanta, Ga.

Equity Oil

In this uncertain market most stocks with attractive speculative possibilities can go down probably as far as they might go up. And the chance of substantial appreciation with a more conservative type of investment is proportionately remote.

K. V. R. Townsend

Equity Oil Co., traded in the Over-the-Counter Market, appears to be an exception. Behind each share are enough proven oil reserves and promising unexplored acreage virtually to account for its present market price. And, quite apart from the oil, its recently discovered gas field may be worth considerably more all by itself. But, considering only its actual proven oil and gas reserves, it certainly can be argued that Equity is worth more than the shares are now traded at.

Completely ignored in the current market appraisal is Equity's vast holdings of shale oil land, amounting to no less than 1,300 barrels of oil per share. In view of recent developments and other favorable factors that appear certain to come about in the near future, even a nominal value of 5 or 10 cents a barrel applied to this shale oil will make it readily apparent that Equity's stock at its present price of 31 is grossly undervalued on its shale oil holdings alone.

Hindsighted investors may well wonder a year or two from now why the excellent gas prospects and particularly the established shale oil holdings are at present virtually unreflected in the price of the stock.

A small oil producer since 1923, with holdings in Colorado and Utah, Equity Oil Co. has shown a profit consistently and paid a small dividend uninterruptedly for a number of years. With increased marketing outlets for oil in that region, net income from oil ran $1,170,000 or 78 cents in 1956 and should reach $1 a share this year. Proven oil reserves run close to 30 million barrels or $20 a share at the conservative valuation of a $1 per barrel.

There is no debt or preferred stock ahead of the 1,500,000 shares of common, and Equity enjoys a strong liquid financial position. Crude oil sales will run over $3,000,000 this year. And its economy minded management keeps overhead to a minimum, employees totaling only 30 or so and administrative and general expenses running just $255,000 in 1956. With large unexplored acreage in the very promising Rocky Mountain area and a successful exploration record to date, the present price of 31 could be justified on Equity's oil reserves and prospects alone.

In addition, however, Equity apparently has run into a major gas discovery in the Piceance Creek Basin of Western Colorado. And it may prove to be almost as sensational as the San Juan Basin. Equity has drilled 13 successful gas wells to date in this area, some of which are a good many miles apart. With Equity holding over 80,000 acres in this Basin, it is entirely possible that its gas reserves, dependent of course on proving up extensive acreage between completed wells, may amount to as much as $40 or more a share.

This gas can be marketed whenever the company's long experienced management decides the time is opportune. The income is not required now as the oil income provides sufficient cash flow for the company's exploration and development program. When Congress finally passes some sort of gas bill, a much more favorable contract can be made with one of the several interstate pipelines now serving that area. Or, as an alternative, intrastate sale of the gas may be arranged at an attractive price. Pacific Northwest Pipelines' gas line is already completed into the General Petroleum field just north of Equity's gas field. In either event, Equity's income will be increased substantially.

As promising as the gas appears to be, an even more exciting feature lies in Equity's extensive holdings of shale oil land. Through its wholly owned subsidiary, Weber Oil Co., it is one of the largest owners of proven shale oil in the country, ranking behind only such giants as Union Oil, Pacific Western, Standard Oil of California and the U. S. Navy. Weber, jointly with Socony Mobil, owns 23,000 acres, which in turn contain 4 billion barrels of shale oil, or some 1,300 barrels for each share of Equity oil. Incidentally, its shale oil holdings are among the most desirable of all, since the closeness to the surface of the shale makes the more economical strip mining method feasible.

It is generally agreed that within the next decade oil will be pro-

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Free Climate of Initiative for Atomic Energy Development

By LEWIS L. STRAUSS*
Chairman, U. S. Atomic Energy Commission

Rejecting either completely private or government atomic operation and control, or return to pre-1954 government monopoly and private operation without cost-cutting incentives, AEC head advocates, instead, continued maximum private development in partnership with government. The latter, Admiral Strauss suggests, should undertake risks rejected by industry, and help provide technical training and research. Believes that by 1975 80 private capital will be able to assume full responsibility and can eliminate supports, guarantees and controlled markets. The former banker reviews unprecedented nuclear growth since removal of government monopoly in 1954; reviews history of government aid to industry; warns against growing reliance on Big Government; repeats estimates of nuclear power being competitive with conventional fuels in 20-25 years, producing then as much as all electric output today

It is true, of course, that the atomic nature of matter was perceived as long as 2,500 years ago when the Greek philosopher Democritus wrote of the invisible particles constituting iron and sand. The Greeks, who had a word for everything, gave us "atom." It is true also that Henri Becquerel encountered the phenomenon of natural radioactivity four years before the arrival of this Twentieth Century. Yet it was only a little more than 14 years ago that man discovered that this phenomenon could be brought under control and put to practical use. Even that brief span of 14 years exaggerates the time we have been using nuclear energy for peaceful purposes because, for some years following that fateful discovery, man's knowledge of atomic fission had to remain a wartime secret. Even after the wrappings of secrecy were removed, the peacetime development of atomic energy continued to be held in the smothering embrace of Government monopoly. That grip was not loosened until less than three years ago — a mere splinter of time compared with the age of iron and steel.

Lewis L. Strauss

Unprecedented Growth

Nonetheless, in the three years since removing the swaddling clothes of Government monopoly, the growth of this infant art and industry has been unprecedented. No other major discovery that science has ever made has been applied so quickly to so many uses.

At least 21 American firms are either presently building, or have orders to build, nuclear reactors for the production of electricity, for propulsion or for research. During the last calendar year, the new industry reported the start of construction or the negotiation of contracts for a total of 59 new nuclear reactors for private buyers in this country, for the Government or for export. Twenty-nine of them are for power production and 30 others for research and testing. In addition, work went forward on 17 reactors of various types for which contracts had been awarded prior to 1956. None of this business existed prior to 1954.

The building of reactors is not the only activity in the new nuclear industry. During the past year, American firms signed contracts or announced plans to build eight uranium ore-processing mills, a feed materials plant, five plants for the production of nuclear fuel-elements, seven so-called critical facilities, and three plants to produce metals of the nuclear age such as zirconium and beryllium.

The atomic energy industry expects to spend about $270 million this year on the construction of civilian power and military reactors, as well as another $200 million on uranium mining and milling, some $33 million on instrument manufacture and perhaps $25 million on nuclear research, aside from power reactor research. The total outlay for this year for the infant industry is in excess of a half-billion dollars.

Meanwhile, five and perhaps six nuclear plants for the production of civilian power will come into operation this year—two of them, in fact, already are generating electrical kilowatts — and by the mid-1960's, the plans of Government and Industry call for at least two score nuclear power plants to be serving homes and industries across the nation.

All of this has been realized since the Cole-Hickenlooper Act went into effect in August of 1954 to encourage the development of atomic energy in the free climate of American industrial initiative.

Dividends Paid Out

Many problems remain to be solved before atomic power can pay its own way in the sense of being competitive with power produced from our conventional fuels. But as it is, we are already

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*An address by Mr. Strauss before the Centennial Meeting of the American Iron and Steel Institute, New York City, May 22, 1957.

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Thrift Goes to College

By IRA U. COBLEIGH
Enterprise Economist

A topical appraisal of a plan to finance higher education—The College Club.

With 225,000 young men and 122,000 young women graduating from American colleges and universities during the next three weeks, now is surely a most appropriate time for the discussion of college education, and, in particular, the money it takes. Whereas, today, with our stratospheric national, local, and personal debt; with 60% of our motor cars bought on time payments; and with the largest peacetime budget in history getting kicked around — whereas all these flora and fauna of debt have come to be the accepted financial decor of life on the cuff, college education is still mainly on a cash basis. It should be. Although some have to borrow to go through college, and a number of loan plans have recently been advanced, most parents and most students would prefer to leave the halls of ivy, unburdened by debt. With military service, a career and marriage ahead, starting out in life, free and clear, is a pretty important objective.

Ira U. Cobleigh

Further, this business of going to college is becoming increasingly important in our whole scheme of things. Apart from cultural, philosophical and social gains, and perhaps enough knowledge to try out for the $64,000 Question, there is a real dollar and cent advantage in going through life cum sheepskin. A reliable set of statistics shows that the average lad who has been through college will earn, in his lifetime, $100,000 more than his less educated brethren who end their "book-larnin'" with high school.

After granting all these documented advantages of being college bred, we are brought swiftly up to a major and almost epidemic problem in the average American home—how to pay for it. The answer in most cases, is found in a single, very old fashioned and somewhat neglected word — thrift. Most youngsters get to college because somebody saved for it. In many instances this saving is unplanned, spotty, intermittent, and by the time the lad or young lady is ready to cope with College Board exams, Pater is viewing with considerable apprehension his thrift account, earmarked "college," which due to his sporadic spurts of saving through the years now totals a paltry $800—far less than enough for a single college year, much less four!

Well just how far does this sample $800 fall short of the mark? Let's see. At a state university, the average college year costs $1,500. At some of the well endowed institutions, the per annum cost is $2,000. At Princeton, the annual tab might run to about $2,550; at Mount Holyoke $2,000. These are the costs. True, thousands of youngsters offset them by working part of their way; or by grants or scholarships (but about 65% of these do not begin till the sophomore year). The very minimum "cash available" target for the freshman year is $1,200; and $6,000 is a reasonable estimate for the four year course.

This is, indeed, important money, and having it at hand, when needed, has taxed the ingenuity and resources of countless families. Recently, however, a new thrift technique has been developed which should assure smoother financial sailing. It's called the College Club (copyrighted) and is sponsored by College Club Program Inc. of Brookline, Mass. The plan is simple and effective; and seems to be gaining a wide acceptance all over the country. Briefly, it works like this.

A father and son open a joint College Club savings account. (This can be done at any commercial bank, savings bank, or savings and loan association which subscribes, at an annual fee, to the plan.) The passbook is specially designed, carrying the emblem of College Club on its face—a circle featuring within it, a mortar board cap and diploma. The child gets a membership card and a College Club lapel button—all of which makes the youngster feel very important. The program is based on systematic thrift—so much a month, or so much a week, to accumulate the target figure by the time the potential collegian becomes 18.

This plan comes pretty close to being a sacred obligation of the parent. He and his son (or daughter) become partners in a major project. Dad will set out to make regular deposits and puts in most of the money, but the youngster is expected to make regular deposits, too—out of spare-time earnings and perhaps an occasional birthday check from doting relatives. Both child and parent are going to eagerly watch this account grow, at compound interest. Even under the greatest financial stress, the parent would, presumably, borrow almost anywhere, rather than tap this dedicated educational fund which may well mean the difference between college, or no college, for his child.

Here, then, is an intensely logical, well thought out, and practical family thrift package which, because it is beamed toward a desirable goal and because it cements a long range partnership of parent and child, should do much to solve the problem of college financing. The average program would run for about 10 years. $10 a week, regularly deposited during that period, at 3% interest (compounded quarterly) assures the $6,000 objective. Parents, children and educators alike can swiftly perceive the benefits of College Club.

But what about the banks who offer the College Club? It's a functional and profitable idea for them as well. Right now over 300 banks are subscribers. They get, under a service contract, imprinted College Club passbooks, a supply of buttons and membership cards, posters, promotional literature, plus effective proven copy for advertising programs. Further, the Club supplies extensive information on tuition charges, entrance requirements and costs of living on most American college campuses. The College Club attracts to the bank new and highly desirable customers and builds up time deposits of the best possible sort—interest accounts that may have an average life of between 8 and 10 years. Then, too, subscribing banks can gain stature in their community by their advancement of education. Civic and community College Club scholarships may even be sponsored by banks as the program expands.

College Club should by no means be viewed casually or as a minor adjunct to interest-account banking. Consider, for example, a Club which started many years earlier—Christmas Club. This too was a special thrift target idea. It began quite modestly in 1910. In 1956, however, 12,800,000 Americans saved $1,187,000,000 in the Christmas Club, in some 6,800 banks and thrift institutions throughout the country. This, of course, is primarily short range savings (although in practice about one-third of the accounts move into permanent savings). The accounts either pay no, or little interest, and require considerable paper work in opening and closing the accounts.

Viewing the quite phenomenal success of Christmas Club (also copyrighted) one can easily see how College Club may grow rapidly. It teaches thrift (an under-stressed virtue) to the young and shows them the tangible results of saving plus compound interest. It promotes family cooperation and solidarity. It brings new and choice accounts to the banks and can add prestige to, and enhance the public relations, of thrift institutions.

College Club potentially can also develop king-size deposit volume. For example, 347,000 will become college grads this June (not counting those being awarded advanced degrees). Multiply this figure by six (to allow for those who drop out along the way due mainly to marks, maladies or matrimony) and you find roughly two million undergrads at four year schools. Now multiply this two million by $6,000, the current price of sheepskin, and you arrive at an amazing $12,000,000,000 total. That's the market College Club is shooting at. Finally note that, by 1967, this college undergrad population should increase by 65%. From such rough calculations as these, you may conclude that College Club is a boon—and it may well boom!

G. A. Saxton & Co. In New Location

G. A. Saxton & Co., Inc. announces the removal of its office to 52 Wall Street, New York City. Telephone number remains unchanged.

Morrison & Co. Opens Charlotte Branch

CHARLOTTE, N. C.—Morrison & Company has opened a branch Office in the Liberty Life Building, with Harry A. Allen as resident manager assisted by Robert H. Hood. Both were formerly with Southern Investment Co.

Winkler Answers Call

Allan Winkler, a member of the "Chronicle's" Quotation Department, "got the message" and will shortly be a member of the Nation's Armed Forces. Allan takes leave with the best wishes of the entire staff.

Joins du Pont Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Vasili Romanov has joined the staff of Francis I. du Pont & Co., 317 Montgomery Street.

Canadian Stocks for Investors And Market Criteria to Employ

By ARTHUR A. McLAUGHLIN*
Partner, Baker, Weeks & Co., Montreal, Canada

Canadian security dealer delves into the basic differences between Canada and U. S. markets, and presents specific stock suggestions in several investment areas. Mr. McLaughlin explains why: (1) Canadian stock market averages are even less useful than comparable U. S. indexes; (2) a different set of yardsticks must be employed for most Canadian securities; (3) there is a built-in tendency for better grade Canadian stocks to sell at a lower yield and higher price-to-earnings ratio than their U. S. counterparts; and (4) Canadian investor experience has not been, since 1951, as superior as one might suppose merely on basis of more rapid growth rate. Suggests painstaking stock selection, and use of Canadian stocks for long-term capital gain rather than current income.

If an environment of buoyant growth in the national economy as a whole were the only requirement for the success of an investment program, Canada would indeed be the answer to the investor's prayer. Throughout most of the postwar period, economic activity in Canada has been growing at an appreciably faster rate than in the United States, and in the opinion of most authorities there is good reason to expect our country to continue to expand more rapidly than yours during the next two or three decades.

Looking at the first postwar decade, the increase in Gross National Product in constant dollars was 54% in Canada against 41% in the United States and in the last three years from 1953 to 1956 the 14% rate of gain in Canada was nearly double the 8% rise in the United States. Last year the faster rate of our growth was particularly marked. The percentage increase in total physical output in Canada was about 7% or roughly three times that of the United States, and we seem to have carried into the current year a little more upward momentum than is apparent in your economy.

The year 1956, of course, was an exceptional one and a continuation of that rate of growth—involving as it did severe inflationary pressures under conditions of full employment — would be impossible. However, the fundamental durability of the expansive forces operating in Canada has been generally accepted and was given national recognition a few months ago in the preliminary report of the Royal Commission on Canada's Economic Prospects which, on the assumption that there will be neither a global war nor a major depression, forecast a Canadian population of somewhere between 25½ and 27½ million by 1980 as compared with today's 16 million, and a Gross National Product between $68 and $85 billion (at 1955 prices), against $27 billion in 1955, and a current rate of about $30 billion (or about $29 billion at 1955 prices). The forecast would thus imply a virtual tripling of the size of the Canadian economy in the 25-year period from 1955. I do not have comparable figures for the United States for the same years but I recall that the Paley Report in 1952 estimated that the U. S. Gross National Product in 1975 would be about double that of 1950.

Obviously this strong growth trend is one of the main reasons why Canada is proving so attractive to outside investors. Incidentally, it is also, at the same time and to a major degree, a product of the inflow of capital. The extraordinary capital spending program which has been the most dynamic factor in the Canadian boom in recent years would have been a much more modest affair if it had depended entirely on financing from Canadian savings. Last year, for example, the net influx of capital from abroad was measured at $1.4 billion (of which the most important contribution came from the United States) as against total private and public investment of $7.9 billion.

While touching on this subject, it may be pertinent to observe that the importance of capital imports—especially the kind of venture capital required in large amounts for the initiation of major developments—is well recognized by the majority of thinking people in Canada, despite occasional protests to the effect that Canadians are allowing outside investors to reap too large a share of the rewards of equity investment in our heritage of natural resources. Such talk is most unlikely, in my opinion, to alter a political and business climate that has been traditionally favorable to foreign as well as to domestic investors.

As our nation matures economically and financially, it should be possible for us Canadians to play a more prominent and profitable role in the development of our own country, by directing more of our people's savings into industrial, mining and oil equities, and I am confident that American, British and foreign investors who are in a controlling position in so many Canadian enterprises will not be blind to the mutual advantages of cooperating in that direction. That, however, must be a gradual process, and I am sure that none present will live to see the day when Canada will be able to afford to close the door to outside capital. I make this point so that you will not be misled by anything said during our forthcoming Federal election campaign.

Election speeches have a way of giving voice to nationalist sentiment in most countries, and quite naturally so in Canada, whose very existence as a political unit is living testimony to the strength of a will to nationhood that from the beginning has defied the powerful economic pressures which otherwise long ago would have made us part of the United States. Consider any political protests you may hear against U. S. domination of Canadian industry as a blowing-off of steam by a business partner who has been operating under high pressure but who has no intention of breaking up a successful organization. Count on being

*An address by Mr. McLaughlin before the Financial Analysts of Philadelphia, May 9, 1957.

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The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

Gains in steel and electric kilowatt output and stocks of crude oil in the latest week were offset by mild declines in carloadings and automotive output. In the latter case the loss was 1.5% under the preceding period, but 16% higher than the like week a year ago.

Following a monthly decline in April, dealer inventories of new passenger cars rose to almost 800,000 units in mid-May. A year ago inventories stood at 900,000, an all-time high. Sales picked up somewhat in the first 10 days of May, but were slightly less than in the similar 1956 period. In recent weeks volume in major appliances improved, but year-to-year declines continued to prevail. Retail stocks of most appliances were below those of a year ago.

Some early predictions that capital spending for new plants and equipment in the last half of 1957 might drop have recently been revised. Encouraged by reports on first quarter corporate profits and business expenditures, most economists and businessmen now expect outlays for the rest of the year to remain at present levels, it is reported. Both corporate profits and capital spending in the first three months of 1957 exceeded expectations.

Total imports in the United States in March amounted to $1,130,300,000, up 1% over the previous record high of last October. Volume climbed 14% from February, and was 3% higher than March 1956.

The latest available figures on the nation's employment situation reveal that claims for unemployment insurance by newly laid-off workers went down by 14,900 to a total of 218,600 during the week ended May 18, according to the Bureau of Employment Security. The total for the like week of last year was 208,900.

Insured unemployment went down 54,600 to a total of 1,373,200 during the week ended May 11, the agency reported, one of the largest drops this year. The total for the 1956 week was 1,260,700.

Steel mills note a slightly better turn in the market this week with some users other than automotive and appliances stepping up their orders. Others have settled down to a firmer pattern of buying and there are fewer cancellations and setbacks in delivery requirements, "The Iron Age," national metalworking weekly, states.

Close market observers feel this indicates that steel's miscellaneous customers have reached the point where they are buying for actual use and it could mean that for these companies inventory cutbacks have just about run their course.

However, the mills do not look for any strong upsurge in business until after Labor Day. Still, the slight improvement, particularly in sheets and strip, is encouraging, declares this trade journal.

Demand from automotive and appliances continues to lag. But even here the mills are drawing some comfort. They point out that steel production is holding up fairly well without large orders from these big users. They point out that the farther automotive and appliance inventories are cut, the sooner will be the impact on steel when sales of these two industries improve.

Despite the Memorial Day holiday, steel production this week will hold steady. Even though holiday wage premiums must be paid, the mills have not scheduled any appreciable cutbacks. This in itself is a sign of producer confidence in the market outlook, "The Iron Age" observes.

Another vote of confidence comes from the steel scrap trade. Prices have been firming up consistently in recent weeks. Scrap dealers in some areas have started to "lay down," build inventory, in the better grades of scrap. This is as good an indication as any that scrap people are thinking in terms of a late summer or fall upturn in steel demand, concludes this trade weekly.

Currently reporting on living costs, Bureau of Labor Statistics Commissioner Ewan Clague states that consumers can look forward to a summer of rising living costs and possibly dwindling power of the weekly paycheck.

Forecasting a continued rise in the consumer price index through at least July, his comments came as the agency reported

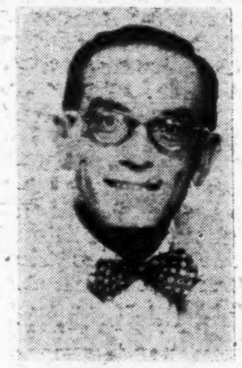
Continued on page 33

Observations . . .

By A. WILFRED MAY

TODAY'S EXPERT INVESTING

Midst the public's devotion of attention to experimentation with investment companies of the mutual fund type for popularizing the distribution of tax exempt bonds, striking new evidence comes to hand of the progress of existing fund technique. Whether Arthur Wiesenberger's prediction that today's $10 billion investment company industry will quadruple during the next decade turns out to be true or not, his firm's newly published 17th edition of INVESTMENT COMPANIES strikingly shows the industry's enormous expansion that has been actually achieved. This has been manifested both quantitatively and qualitatively. There is shown a doubling of total assets every three and one-half years; a steady rise in holders and striking increases in individual portfolio size; and, in the non-statistical area, in the broadening of their constructive functions.



A. Wilfred May

The authoritative reference work, now completely rewritten and enlarged to 416 pages, contains much that is useful in the form of detailed portfolio holdings, earnings and performance results of practically every leading investment company in the United States and Canada. But of even greater value than this basic information is its coverage, to a greater extent than ever before, of the varied uses of these companies of benefit to corporate and institutional investors as well as to the individual of moderate means.

Support of the "Fiduciary Evolution"

Manifesting the recent broadening in the use of the investment company is the volume's chapter devoted to their use by fiduciaries. It points out that now there are 38 states which have adopted the Prudent Man Rule giving to trustees broad discretion, including common stock holding in fiduciary investment, nearly all of them permitting use of investment companies. The latter provide the mechanics of diversification and continuous supervision which most trust accounts lack, and which are not easily obtainable.

On the premise that the current "fiduciary evolution" will see a steady increase in the proportion of trust accounts placed in some form of commingled fund, Wiesenberger predicts that this requirement will be taken care of partly by trust institutions themselves, and for the balance, by the investment companies. The latter simplify investment problems, afford continuous professional and objective decisions, thus eliminating "intramural" trustee controversy, all at reduced cost of administration. It is also pointed out that here uniquely investment policies are clearly stated; with their investments and performance records, under the statute, being matters of public record.

The constantly increasing number of profit-sharing and pension funds cumulatively intensify the importance of the fiduciary's proper use of the investment company.

Discount vs. Expense of the Closed-Ends

To the logical investor the data relating to the discounts and expense items of the closed-end companies are most interesting for both practical and general use.

A table shows the ratio of expenses to average net assets of each company and as an average of all companies; as well as the ratio of expenses to gross income. These figures are highly significant as related to the discounts which are available, that is, the percentage of the company's stock price below the asset value. For, although the closing-up of the discount through open-ending, liquidation or other causes is problematical, the benefit to the buyer through the resultant reduction or elimination of the effect of management cost is immediate and real.

The following table, combining various data contained in the book and otherwise supplied by the Wiesenberger firm, shows the 1956 ratio of expenses to gross income and the respective discounts at the year-end and at May 24, for representative companies.

	Ratio of Exps. to Gross Inc.	Discount Yr.-End	May 24
Adams Express	11.3%	20%	15%
American Int'l	14.8	23	13
Carriers & General	1[illegible].2	18	23
Central-Ill. Sec.	13.4	19	28
Consol. Invest'mt	4.4	13	15
National Shares	11.8	25	24
Niagara Share	18.6	29	19
Tri-Continental	7.4	40	24

In these situations, where the current expenses are exceeded by the discount at which the shares are selling on the market, management is actually secured entirely free of cost to the buyer.

The average ratio of expenses to average net assets at 0.44% in the case of the diversified closed-end companies is considerably less than that on the open-end funds. Related to the market's discount price of the former's shares, their advantage would be even greater.

The Illogical Discount Fluctuation

As Wiesenberger states, the fluctuations in the discount reflect unpredictable psychological changes in investor attitude as are habitual with price-earnings and price-dividend ratios. A master chart shows that the average year-end discount since 1942 has ranged from 15 to 30%. Quite illogically, the record has persisted of the discount declining as prices move up; in other words, the higher prices go the more confidence does the public display. From 1948 to 1956 while the market as measured by the Dow-Jones Industrial Average was rising by 300%, the average discount is shown to have fallen from 23 to 16%, and in the interval 1952 to date, the comparative performance showed a discount decline of 15% to 16% midst a market rise of 70%.

As of the end of last week the average discount is shown to have declined further to 12%; but with some individual portfolios still offering mark-downs of 24% and more.

One novel feature accompanying this year's Wiesenberger volume is a gadget in the shape of a plastic overlay containing the course of the Dow-Jones Average 1947-1956 which is mechanically contrived to afford easy comparison with the publication's actual performance record of each individual fund. Its inclusion manifests recognition of the public's growing proclivity to engage in quantitative and qualitative portfolio management comparisons.

Renominate Orrick As Member of SEC

Andrew D. Orrick has been renominated by President Eisenhower for a new five-year term

A. D. Orrick, Jr.

as a member of the Securities and Exchange Commission. Mr. Orrick was also appointed Acting Chairman of the Commission, succeeding J. Sinclair Armstrong.

With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Donald E. Corzine has become connected with Paine, Webber, Jackson & Curtis, 626 South Spring Street. He was formerly with Merrill Lynch, Pierce, Fenner & Beane.

What's Ahead for Business And the Banking Industry

By DR. ARTHUR R. UPGREN*
Dean, Amos Tuck School of Business Administration, Dartmouth College, Hanover, N. H.
Director, Dartmouth National Bank of Hanover, N. H.
Director, Green Giant Company

Noted Business School Dean declares: (1) interest rate level will not decline; (2) GNP growth is practically 100% ahead of 1954 projections; and (3) inflationary forces should slacken by midyear 1957. Dr. Upgren believes that "as soon as the threat of inflation subsides, we can expect substantial easing in the entire field of capital and short-term financing in order to facilitate long run economic growth." The former Minneapolis Federal Reserve Vice-President expects pace of invention, innovation, and development and research, to keep demand for investment funds high for the coming decade, requiring enlarged savings stream to assure a bright future without inflation.

It is a remarkable fact that we are able to make good estimates of what is ahead for business for the year 1957-58 and, surprisingly enough, we are able to do the same for 1967. From these great expectations we are able to deduce some implications for the future of banking and for business.


Arthur R. Upgren

Leadership in making a longer-run estimate for the outlook for the national economy and business was firmly taken by President Dwight D. Eisenhower back in 1954. In response to the public's concern about the immediate, extremely mild, and easily explainable recession of that year, the President pointed out its natural cause was the reduced defense expenditures following the truce in Korea. Then he likewise pointed out the immense economic growth which the American people could expect from their economy after this modest recession had passed. Not only that, but the President, Secretary of the Treasury George Humphrey and the Republican Administration as a team adopted extremely wise economic, fiscal, and financial policies to assure the beginnings of this pronounced and forecast rate of economic growth for "The prediction period" which was for 11 years or from 1954 to 1965.

These wise policies included the strongly emphasized and important $7.4 billion tax reduction stemming from the President and the Treasury's acceptance of termination of the Excess Profits Tax, the termination of the Korean-induced 11% increase in the personal income tax, and the dropping of some and reduction of other excise taxes, plus some reduced taxation as a result of "the tax reform bill" of the Republic Administration passed early in the life of the new administration.

Thus after having a decline in the total value of our gross national production (GNP) amounting to $12 billion, or from the previous all-time record level for GNP, or from $370 billion in 1953 to $358 billion in 1954, within the next year and one-half, GNP advanced by no less than $40 billion to the $400 billion level which was reached as 1955 turned into 1956.

It is worth recalling that this remarkable increase in gross national production and, of course, a corresponding large increase in national income which makes up the Federal income tax base, brought the cash consolidated budget to a virtual balance in calendar 1955 and to a surplus in fiscal 1956, the year ending June 30.

Praises 1954 Policies

Thus the policies for economic growth and financial expansion adopted early in 1954 had converted a $6.1 billion deficit in the cash consolidated budget in calendar 1953 to a deficit of only $0.7 billion in calendar 1955, even after the tax reduction of $7.4 billion effective Jan. 1, 1954. Continued economic recovery in 1955 produced a surplus in the cash consolidated budget of $5.5 billion in calendar 1956. Thus under the benign influence of these policies so effective for large scale economic growth was a substantial budget deficit converted into a substantial surplus.

It is well in these days of not always too well factually based measures of our fiscal and budget performance to point out these remarkable achievements. A surplus of $5.5 billion in the cash consolidated budget in calendar 1956 is a sum of considerable size. Moreover, in each of the three fiscal years 1956, 1957 and 1958, a modest surplus has been obtained or is forecast for the "administrative budget," the one under such lively discussion today.

In making estimates for the future about which he was so confident, the President **in 1954** pointed out that by 1965 our total gross national production could conservatively be expected to rise to a level above $500 billion. This he termed an increase of $150 billion from levels prevailing in mid-1954. The economist preparing these estimates for the Joint Committee indicated a precise figure of $535 billion for GNP in 1965.

I

Interim Check on Projections

Two and one-half years have passed since these estimates were so widely publicized by the press. Thus we are able to make an interim check upon the progress we are making toward the realization of a gross national production of $535 billion in 1965. Analyzing the figures in detail, we find that the economy in its progress is practically 100% ahead of the great expectation which did flow from the President's 1954 estimate. In the final quarter of 1956 our total gross national production was at the annual rate of $424 billion, up by $66 billion from the $358 billion figure for GNP in 1954. This is an increase of almost one-half the gain of $150 billion in GNP predicted by the President in 1965. Thus in less than three years we have made 40% of the gain expected by the President in 11 years. Dealing with the figures in more detail, we could have expected a gain in GNP of about $36 billion to the end of 1956, whereas the actual gain has been $66 billion.

In fact, surveying this progress last fall, Dr. Arthur F. Burns, then Chairman of the President's Economic Advisory Committee, suggested that in 1966 our gross national production could attain a level of $600 billion.

Thus you will readily observe that the predictions are indeed good and give promise of generous economic growth. In the case of the pronounced attention given to the statements about this growth made by President Eisenhower, it is happy indeed to report that excellent progress has been made and that we are, as a national economy, "well ahead of schedule."

Clearly our potential for growth is quickening and that is the natural result of increased capital financing and of increased abilities on the part of the banking system to provide for the needs of industry.

Two Essential Requirements

As soon as the current threat of inflation — see below — subsides, we can expect substantial measures for easing in the entire field of capital and short-term financing in order to facilitate continued long-run economic growth.

Because of the sharpness of the current debate over today's budget, this optimistic note can be added. A rise of $150 million in total gross national production very substantially increases the tax base for Federal personal and corporate income taxes as well as for excise taxes. The "take" on such an increase in total production and incomes by the Federal Treasury would be of the order of 25%, thus providing a basis for expectation of tax reduction, given continuation of current levels of Federal budget expenditures, amounting to upwards of $30 billion within the next 8 years. Two requirements are essential before such 10-year reduction can be planned. First, it must be clear from the international situation that the needs for defense expenditures will not increase and at present the need for an increase seems most unlikely. The second requirement is that the current threat of inflation or rise in prices shall be disposed of. That seems likely too if we next turn to the short-run outlook of business and banking, for the year from July 1, 1957 to June 30, 1958. Finally we may decide upon certain increases on the expenditure side.

II

Inflation's Causes

The American Economy has had twin jet-propellents in its recent growth. The first of these propellents has been the persistent increase inpersonal incomes which is translated into a somewhat lesser rate of increase in personal disposable income. This is the income left after applying our prevailing progressive taxes to the rise in personal incomes. This

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*An address by Mr. Upgren before the 63rd Annual PBA Convention, Atlantic City, New Jersey, May 9, 1957.

Attaining Future Growth For America and Steel

By BENJAMIN F. FAIRLESS*
President, American Iron and Steel Institute

Mr. Fairless charges steel industry with a "vast and vital responsibility" to continue production capacity expansion and, in apprising the industry with the increasingly critical problems of paying for such growth, discusses the problems of "incessant cost-price inflation . . . coupled with highly inadequate provisions for . . . depreciation." The Institute's president cautions against the tendency for Americans to assume growth is automatic; suggests the real nature of phantom profits be made clear to the public to remove false impressions of the industry's growth in terms of profits; counsels labor leadership; and believes a fully informed people will react properly to permit growth opportunities to be realized.

Everywhere these days, when the American economy is under discussion, we see one word being applied more than any other. Now you might think about it, and decide that this word is "inflation." But "inflation" would be my candidate for second place.


Benjamin F. Fairless

The word that is indeed dominant is the word *growth*. Have you stopped to think how often you hear and see this word every day—how often you use it yourself?

Everywhere, in individual enterprises, in industries, in our total economy, we find all America talking about *growth*. We are a nation *growing* in population, in better living for more people, in strength, and in promise for the future.

I believe this great consciousness of growth is a fine thing. It gives all our people a dynamic sense of direction. It generates confidence in our economy and in our future.

But I wonder if there is not the possibility that it also may generate *over*-confidence. I saw a headline the other day referring to the "irrepressible growth" of our economy — and that phrase seemed to me to reflect a frame of mind that is spreading too rapidly over America.

This frame of mind is the bland assumption that our general prosperity has found the secret of perpetual motion—that the momentum is set, and all the American people have to do is go along for the ride.

Our economic progress has been so dramatic and so consistent over the past decade that it has been natural for such a concept to take hold. And indeed this is a carefree thought. If growth is irrepressible, then it cannot be stopped by shortsighted industrial or labor policies, or mismanagement of Federal affairs, or public unconcern. It will go right on as a matter of course. No one will need feel any real responsibility for seeing that we stay on a sound and solid path. No one will need to exert the farsighted effort, wisdom and leadership that might otherwise be required to keep our economy growing — no one in business, labor or government.

Accomplishing Growth

Of course, the truth is that America's business and economic growth *never* has taken place of its own accord. It has been *accomplished*. And I give you the steel industry as Exhibit A.

I have just had the pleasure of representing the industry at the public introduction of the special stamp commemorating the 100th Anniversary of the mass production of steel. The ceremony was held by the Post Office Department to coincide with the opening of our General Meeting, an honor we acknowledge with warm appreciation.

On the stamp—of which at least 120 million will be printed—are the words: "America and Steel—Growing Together."

This year, America and Steel are beginning the Second Century of Growing Together. And as we look back on the remarkable First Century, we see 100 years of tremendous effort, enterprise and invention. In no other way, indeed, could this industry have given the nation the great foundation of steel on which it is built.

The role of enterprise was underscored at the very start of the age of steel. Henry Bessemer and William Kelly both were great pioneers. But while the one was knighted by the Queen, the other died almost unknown. In that episode, history was giving this industry its first lesson in leadership. To have the great idea was not enough: behind it must be the ability to assess and demonstrate its value, its potential and its human promise.

Constant invention by America's pioneer steelmen brought more and better ways to process more and better kinds of steel. Constant

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*An address by Mr. Fairless at the Centennial Meeting of the Iron and Steel Institute, New York City, May 23, 1957.

Victory in the World Struggle Depends Upon Budget's Passage

By HON. RICHARD M. NIXON*
Vice-President of the United States

Correlating foreign aid with our chance for survival and victory in the world struggle, the Vice-President announces intent "to fight for enactment of our program by the Congress" despite unpopularity this may entail. Mr. Nixon denies the budget contains *new* so-called New Deal spending; doubts Congress will discontinue previously approved domestic programs; and contends, therefore, sizable cuts can only be made at the expense of national defense—comprising 75% of the budget—and of $4 billion foreign aid program—which includes a defense portion of $3 billion—leaving merely $1 billion for crucial aid to uncommitted countries. Personally acquainted with many of these countries which possess the greatest undeveloped natural resources in the world today, the widely traveled Senate President warns they will be forced to listen to Moscow's "line of plenty" unless we profer help.

There is no question today as to what issue is uppermost in the public mind. It is the Administration's budget for 1958. I will admit at the outset that I can think of a number of other subjects which would be more pleasant for me to discuss. I am sure many are probably tired of hearing about the budget. And some of you may have reached conclusions which will not be changed by anything that I contribute.


Richard M. Nixon

But because I believe the decisions we make on the budget, particularly as they relate to our national defense, are so important to the nation, and because there has been so much misunderstanding as to the Administration's position, I would like to help set the record straight.

Both Charges Can't Be True

It is necessary to begin by examining the basic economic philosophy of this Administration. We find ourselves in the incongruous position of being subjected to attacks from groups holding completely opposing points of view.

On the one hand, the Advisory Council of the opposition party charged in Washington a few days ago that this was a pro-business Administration under whose policies the rich are getting richer and the poor are getting poorer.

On the other hand, certain business groups have charged recently that this is a New Deal-Fair Deal Administration which is bent on spending the nation into bankruptcy.

Now, obviously both of these charges can not be true. I submit that neither is true. Our attitude toward business is simply stated.

We believe that America enjoys unprecedented prosperity today because we have based our economic and political policies on the sound principle that the most productive source of national wealth is private rather than government enterprise.

We reject the New Deal-Fair Deal attitude of baiting and penalizing business and using it as the scapegoat for all the economic sins of whatever administration happens to be in power.

Instead we believe that government should encourage free competitive enterprise. It should promote private economic activity rather than penalize it. Regulations, controls, and government activity should be reduced to the minimum demanded by the general welfare so that individuals can make their maximum contribution to the nation's productivity.

We do not favor big business or little business. We are for good business and opportunity for all.

We have acted upon this philosophy.

We are getting the Federal Government out of many activities which properly belong to private enterprise.

We have left labor-management relations to the field of free collective bargaining. There have been no government-imposed labor contracts under this Administration.

We have faithfully administered laws which have been passed to prevent abuses by businesses such as those relating to securities, anti-trust, pure food and drugs. But in contrast to the New Deal and Fair Deal, we do not believe in penalizing the good with the bad. We try to adjust regulations to sound business practices in an industry and not merely impose them from above without consulting those affected by them.

Let us see how we have applied our basic economic philosophy to the problems of the Federal budget.

When we came into power we found that in the preceding 20 years there had been only three balanced budgets. Deficit financing had come to be accepted not as a necessary evil but as sound fiscal policy.

We Have Balanced Budgets and Lower Taxes

We rejected this philosophy completely. Our first budget with its inherited carryovers showed a $9 billion deficit. Our next three budgets, including the one for this year, were balanced budgets. In addition, the Federal Government has taken $25 billion less in taxes from the people during the past three years as a result of the tax cut we passed in 1954. We have reduced the national debt by $5 billion.

We believe that these fiscal policies have helped to create the confidence which has resulted in the greatest expansion of our economy in history during the past four years.

Let us now examine the 1958 budget. It is a balanced budget. It takes less from the economy than the budget of four years ago. But the fact remains that in dollars it is still the highest peacetime budget in our history.

I want to make one thing clear beyond question at this point. The budget as originally submitted by the President to the Congress represented the Administration's best estimate as to how much we had to spend for our national security and to carry out the laws which the Congress had enacted.

But, consistent with the attitude we have adopted since we came into office in January, 1953, we have pledged that we would continue to make every effort to keep actual expenditures below the estimated amounts.

That is why the President has instructed all agency heads not only to keep within their budget estimates but to effect any additional economies they can.

That is why he not only did not oppose but actually invited the cooperation of the Congress in finding any items in the budget which could be eliminated or reduced without damaging the national interest.

And that is why on his own initiative he has already indicated that on the basis of additional information he believes his budget estimates can be reduced by $1.8 billion.

Personal Philosophy

May I for a moment digress to indicate my own as well as what I believe to be the Administration's fundamental position with regard to Federal Government expenditures.

First, I believe that government enterprise is by nature less efficient than private enterprise. Federal Government activity, therefore, should be limited to those areas in which private enterprise or local government can not or will not render the services the people want and need.

Second, big government just like big business, and even more so, has a tendency to become inefficient and wasteful as it increases in size. We must constantly fight against waste, inefficiency and duplication in government operations.

I completely reject the phony fiscal philosophy of those who suggest that as the national income increases the expenditures of the Federal Government should increase in proportion. It is true that to the extent that a larger population requires larger expenditures the budget will necessarily increase. But it is sheer nonsense to suggest that government should always take as much out of the national economy as the economy can stand. We should spend for government only what we need to spend even if this may be less than we are able to spend.

A sound American economy is as essential as a strong national defense if we are to defeat the forces of International Communism. Our government expenditures must never be allowed to reach or to remain too long at a

Continued on page 34

*An address by Mr. Nixon before the Centennial Meeting of the American Iron and Steel Institute, New York City, May 23, 1957.

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Are Mutual Funds A Good Investment — Analysis of mutual fund industry — Foresight Investment Advisory Service, 70 Wall Street, New York 5, N. Y.—Paper—$1 per copy.

Atomic Letter (No. 27) — Comments on high energy fuels, Euratom requirements for atomic power, **United Western Minerals Company, Vaal Reefs Exploration & Mining Co., Ltd., El Paso Natural Gas Co.,** and **Daystrom, Inc.**—Atomic Development Mutual Fund, Inc., Dept. C, 1033 30th Street, N. W., Washington 7, D. C.

Burnham View — Monthly investment letter — Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available is current **Foreign Letter.**

Copper—Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y. Also available are bulletins on **General Cable, ACF Industries, Norwich Pharmacal** and **Gardner Denver.**

Dollar Averaging—Review, with a list of candidates—In current issue of "Market Pointers"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is a list of stocks which may benefit from increased advertising, discount stocks, stocks with small share capitalization, and tax free bonds.

Fire & Casualty Stocks—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Japanese Stocks — Current information — Yamaichi Securities Co., Ltd., 111 Broadway, New York 7, N. Y.

Life Insurance Companies—Comparative analysis of 50 companies — Ralph B. Leonard & Co., 25 Broad Street, New York 4, N. Y.

Life Insurance Stocks—Bulletin—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Major Stock Quotations by industries for Tokyo Stock Exchange — Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Pocket Guide—Discusses 20 stocks most favored by institutional investors—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Stone & Webster, Inc., The Texas Company,** and **Vick Chemical Company.**

Roadbuilders—Analysis of Canadian highway industry—Ross, Knowles & Co., Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

Warrants—Facts vs. Fiction—In current issue of "Exchange" Magazine—The Exchange, 11 Wall Street, New York 5, N. Y. 10c per copy, $1 per year. Also in the same issue is a discussion of the **Food Industry.**

* * *

Big Piney Oil & Gas Company—Analysis—Western Securities, 1 Exchange Place, Jersey City 2, N. J.

Brewster Bartle Drilling Company, Inc. — Bulletin — Rowles, Winston & Co., Bank of the Southwest Building, Houston 2, Texas.

British American Oil Company Limited — Analysis — Burns Bros. & Company Limited, 44 King Street, West, Toronto 1, Ont., Canada.

Budd Company — Analysis — Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Carrier Corp.—Memorandum—Walston & Co., Inc., 120 Broadway, New York 5, N. Y.

City of Olathe, Kans. Sewer System Revenue Bonds—Circular—Ranson & Company, Inc., Beacon Building, Wichita 2, Kansas.

Cleveland Cliffs Iron Company — Report — The First Boston Corporation, 15 Broad Street, New York 5, N. Y.

Consolidated Electrodynamics Corp.—Analysis—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

Cyprus Mines Corp. — Memorandum — Shields & Co., 44 Wall Street, New York 5, N. Y.

Dobbs Houses, Inc.—Memorandum—Mid-South Securities Co., American Trust Building, Nashville 3, Tenn.

Eastern Corporation—Analysis—Peter P. McDermott & Co., 42 Broadway, New York 4, N. Y.

Filtrol Corporation—Data—Herbert E. Stern & Co., 52 Wall Street, New York 5, N. Y. Also available are data on **International Minerals & Chemical Corp.**

Frigikar Corporation—Analysis—First Securities Corporation, 111 Corcoran Street, Durham, N. C. Also available is an analysis of **River Brand Rice Mills, Inc.**

Government Development Bank for Puerto Rico — Quarterly report to investors—Government Development Bank for Puerto Rico, New York agency, 37 Wall Street, New York 5, N. Y.

Great Western Financial Corp. — Analysis — Hill Richards & Co., 621 South Spring Street, Los Angeles 4, Calif. Also available is an analysis of **Borax (Holdings) Ltd.**

Gulf Interstate Gas Co.—Memorandum—Rotan, Mosle & Co., Bank of the Southwest Building, Houston 2, Texas.

Kimberly Clark Corporation—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Nationwide Corporation—Report—Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Niagara Share Corp.—Bulletin—Jamieson & Company, Endicott Building, St. Paul 1, Minn.

Olin Mathieson Chemical Corp. — Analysis — E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

Page Hersey Tubes, Limited—Review—James Richardson & Sons, 173 Portage Avenue, East, Winnipeg, and Royal Bank Building, Toronto, Canada.

Punta Alegre Sugar Corp. — Bulletin — Security Adjustment Corporation, 16 Court Street, Brooklyn 1, N. Y.

Rayonier, Inc.—Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Riley Stoker—Data—Hecker & Co., Broad and Arch Streets, Philadelphia 7, Pa.

Rohr Aircraft Corporation—Report—Stanley Heller & Co., 30 Pine Street, New York 5, N. Y. Also available is an analysis of **Twentieth Century Fox Film Corporation.**

Schick Incorporated—Analysis—Parrish & Co., 40 Wall Street, New York 5, N. Y.

Sheraton Corporation of America—Report—May & Gannon, Inc., 140 Federal Street, Boston 10, Mass.

Tennessee Gas Transmission Company — Report — Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available is a memorandum on **Colorado Oil & Gas Co.**

Texas Oil & Gas Company—Report—Berry & Company, 240 West Front Street, Plainfield, N. J.

United States Life Insurance Company in the City of New York—Analysis—William Blair & Company, 135 South La Salle Street, Chicago 3, Ill.

NSTA Notes

NASHVILLE SECURITY TRADERS ASSOCIATION

The Nashville Security Traders Association is publishing its "Union Suit Journal," the Association's annual humorous newspaper. Head of the Publication Committee is Edward L. Kirkpatrick, Jr., Clark, Landstreet & Kirkpatrick. (Subscription $1.00).

N. S. T. A. NATIONAL ADVERTISING COMMITTEE

Alfred F. Tisch, Fitzgerald & Company, New York City, National Chairman of the Advertising Committee of the National Security Traders Association announces the appointment of the following local advertising chairman:

Arizona Association of Securities Dealers: William M. Bethel, Hemphill, Noyes & Co., P. O. Box 4187, Tucson, Ariz.

Seattle Security Traders Association: Homer J. Bateman, Pacific Northwest Company, Exchange Building, Seattle 4, Wash.

With the appointment of these two new chairmen the 1957 Advertising Committee is complete.

William McCabe Forms Own Investment Firm

William McCabe

DENVER, Colo.—W. E. McCabe & Company, Incorporated, has been formed with offices in the First National Bank Building, to act as participating distributors and dealers in municipal, public utility, industrial issues and mutual funds, specializing in local securities. Officers are William E. McCabe, President; V. V. McCabe, Vice-President, and Gladys Burge, Secretary. Mr. McCabe was formerly a partner in McCabe, Hanifen & Co., with which Miss Burge was also associated as Cashier.

C. B. Stansbury With Goodbody & Co.

(Special to THE FINANCIAL CHRONICLE)

LOUISVILLE, Ky. — Charles B. Stansbury has become associated with Goodbody & Co., Heyburn Building. Mr. Stansbury was in the past with Fenner & Beane and Granberry & Co.

Smith Nominated as Ambassador to Cuba

Earl E. T. Smith, member of the New York Stock Exchange, and a partner in Page, Smith & Remick, New York City, was nominated to be Ambassador to Cuba by President Eisenhower.

COMING EVENTS

In Investment Field

June 7, 1957 (Chicago, Ill.)
Bond Club of Chicago 44th annual Field Day at the Knollwood Club, Lake Forest, Ill.

June 7, 1957 (New York, N. Y.)
Security Traders Association of New York Glee Club third annual dinner dance at the Belmont Plaza.

June 11, 1957 (Detroit, Mich.)
Bond Club of Detroit annual summer outing at the Orchard Lake Country Club.

June 11-14, 1957 (Canada)
Investment Dealers' Association of Canada Convention at Jasper Park Lodge, Alberta, Canada.

June 13-14, 1957 (Cincinnati, Ohio)
Cincinnati Municipal Bond Dealers Group annual spring party at Sheraton Gibson and the Maketewah Country Club.

June 14, 1957 (New York City)
Municipal Bond Club of New York annual field day at Westchester Country Club and Beach Club, Rye, N. Y.

June 14, 1957 (Philadelphia, Pa.)
Investment Association of Philadelphia annual outing at Philadelphia Cricket Club.

June 18, 1957 (New York, N. Y.)
New York Society of Security Analysts, Inc. annual outing at Westchester Country Club.

June 18, 1957 (Detroit, Mich.)
Securities Dealers Association of Detroit & Michigan summer outing at Western Golf & Country Club.

June 19-20, 1957 (Minneapolis-St. Paul)
Twin City Bond Club annual outing and picnic with cocktail party at Hotel Nicollet June 19 and an all day sports program at the White Bear Yacht Club, White Bear Lake, Minn. June 20.

The Tax-Exempt Bond Fund

By EDWARD B. BURR*
Executive Director, National Association of Investment Companies

Fund expert traces history of tax-exempt bond fund concept, rooted in inadequacy of available demand for fresh borrowings. Now looks for large potential market to be tapped by fund technique. As suitable to new municipal buyers, points to high-income low-capital individuals welcoming diversification and specialized appraisal advice. Maintains bond funds may use retail sales force of 50,000 men and women representing security dealer firms which have ignored municipals because of inventory and liquidity problems.

There have never been investment companies investing largely in tax-exempts. The tax-exempt bond fund doesn't actually exist; it is only an idea, now. To advance beyond the idea stage, legislation amending the Revenue Code of 1954 is required. The concept is embodied in bills before the U. S. House of Representatives at this moment. If legislation is enacted, we may assume, I suppose, that technical problems will crop up in the practical administration of such funds. So the "I don't know" answer to questions can mean that no one knows because there has never been a fund of the type the bills envision.

Edward B. Burr

Let me review briefly the history of this concept as I understand it.

As municipal bond people, you know much better than I the methods, amounts, the problems and costs of municipal financing. Let me refresh your memory with some figures. In 1940, total value of all marketed tax-exempt issues was $1.5 billion. Old issues maturing had a value of $1.2 billion. The average rate for top credits was about 2.50%; the customers, by and large, were the decreasing numbers of wealthy individuals, the big institutional buyers. And, as had been true over the years, the buyers, generally, had been holders of municipals which had matured during the year. A rather remarkable correlation existed, in fact, between new issues of municipals and maturities of old issues in almost every year from 1937 to 1947. Broadly speaking, it was simply a case of new issues replacing matured issues in the portfolios of the same investors.

In 1954, municipalities borrowed about $6.9 billion; the average rate for top credits was 2.37%, and still the big buyers were wealthy people and large institutions. Maturities in that year, though, totalled only $1.9 billion; $5 billion of new money was brought into municipal investment. Still, it was obvious in 1954 that the peak needs for municipal financing were yet to come.

President Eisenhower's Proposal

These were the factors, I surmise, which prompted President Eisenhower to include among the proposals in his January, 1955, Economic Report one which read as follows:

"It is also desirable to explore ways of broadening the market for bond issues of local governments, particularly those of smaller localities. At least one state has established an agency to examine and approve all of its new local government issues prior to their sale to the public. The market for small issues of little-known municipalities could be broadened by encouraging the establishment of a type of investment trust which would specialize in the securities of state and local governments, including their revenue bonds. To make the shares of such companies attractive to individual investors, the Congress should revise the tax laws so as to permit a regulated investment company, holding the bulk of its assets in the form of tax-exempt securities, to pass through to its shareholders the tax-exempt status of the income received on such securities. Such a 'pass-through' would be a useful extension of a principle already in use."

After the President's recommendation was announced, some individual investment companies undertook studies of the concept presented in the President's report. By the end of 1955, one or two investment company sponsors had concluded that a tax-exempt bond fund might well be operated on a sound business basis. Counsel for the National Association of Investment Companies undertook study of the technical problems of legislation to implement the President's proposal and have provided comment regarding the form which such legislation might take in memos filed with the Treasury Department on behalf of the Association.

Legislation to implement the President's proposal was not enacted in 1955. In his 1956 Economic Report, the President renewed his recommendation, and bills to carry it out were introduced by Representative Reed, ranking Republican on the House Ways and Means Committee and Representative Cooper, the Committee's Chairman. The bills went into the hopper toward the close of the 1956 session of Congress, and died with the adjournment of Congress.

You know what happened in the fall of 1956. Interest rates increased sharply — so sharply, in fact, that some municipals were purchased by investors not normally interested in tax-exempt issues on the grounds that even after payment of taxes on the tax-exempt interest, the yields were still most attractive. And, adding to the problem of municipal financing, while the costs of financing were increasing due to the general tightness of money, the voters had, in November, gone to the polls and approved issue of new tax-exempts in the total of $2.5 billion. The demand for funds, in short, was increased sharply at the same time that the supply of such funds was diminishing. Some issuers learned that their cost would be much more than the amount the voters had approved and many issues were withdrawn; other issuers found no market at all. I have been told that $191 million of new municipals was offered in the last quarter of 1956 and, for lack of buyers, withdrawn from offer. It was, I understand, a most exasperating period for those in the municipal business.

Comptroller Levitt's Study

Against this background, various responsible government officials were undertaking studies aimed at solving their problems. Arthur Levitt, Comptroller of New York, instituted a particularly vigorous study. A commission of outstanding citizens worked with him on the study. Serving on this Governor's Committee were Elliott Bell, Alvin Eurich, Donald Kramer, Alicia Patterson and Beardsley Ruml. They developed a real interest in the possibilities of tax-exempt bond funds as one of several potential partial solutions to the problems of municipal financing. In the months since then, Mr. Levitt has generated a substantial interest among state and municipal officials in legislation which was introduced again this year following Mr. Eisenhower's third request, in his 1957 Economic Report, for legislation necessary to permit establishment of such funds.

A few weeks ago, demonstrating its concern with the growing problems of financing state and local projects, the Legislature of the State of New Jersey passed a resolution urging the Congress of the United States to enact legislation of the type recommended by the President in his Economic Report. Other state and local officials have manifested interest in this legislation as a possible partial solution to their financing problems.

At this moment a variety of bills in the Congressional hopper relate in one form or another to municipal bond funds. Possibly others will be introduced before any action is taken. H. R. 1222, introduced by Representative Reed, is receiving most of the attention and study.

So much for the history. A word about the chances of the legislation; then I'll get to a brief explanation of the probable mechanics of such funds. We have no pipe lines into the Federal Congress. We don't know what will happen. For what they are worth, the rumors we hear indicate that there's a fair chance that a bond fund bill will be passed before Congress adjourns.

Benefits of the Investment Company

May I at this point outline briefly what elements the open-end type of investment company possesses that make people consider it a possible solution in this area. Such companies offer their own stock to the public; the value per share averaged for the industry is about $10.00. The investment company, employing the services of full-time professional investment personnel, invests the proceeds in a diversified portfolio of corporate securities, selected to conform to the company's investment objectives and policies as stated in its prospectus. After deduction of operating costs, it distributes its income pro-rata to its shareholders.

Thus, an investment company offers the investor, regardless of the amount of his investment, the benefits of full-time management and of wide diversification. It offers shares in convenient denominations. The open-end investment company also offers the investor a right to turn in his holdings at any time for payment of their then proportionate value of the total fund. Fund shares, then, are liquid holdings. These basic characteristics of mutual funds would extend to tax-exempt bond funds, we believe, if the required legislation is enacted.

The Legal Aspects

Why, I've been frequently asked, is a special law necessary? The reason is simple. The tax-free nature of interest from a municipal security can penetrate only one layer of ownership under existing law. It can enure only to the direct owner of the bond. This tax-free interest becomes taxable as soon as one owner—a corporation—passes it along as a dividend to a second person—the corporation's stockholder.

Since 1936 investment companies have been taxed according to a conduit theory of taxation. Under this theory a regulated investment company, paying out 90% or more of its annual income to shareholders, pays no tax on the income distributed; the investor is taxed at his own rates, as if he owned directly his portion of the investment company's underlying portfolio assets. An additional layer of tax is thereby equitably avoided. This conduit theory does not apply to the tax-exempt nature of interest on municipal securities when the interest flows through to the investment company shareholder in the form of dividends.

This failure of the conduit theory to apply to the tax-exempt nature of interest on municipals has resulted in investment companies being in a frenzy of unconcern, in years past, about municipals. The legislation which has been introduced will not change this attitude so far as most existing funds are concerned. It will have the effect of removing partially this defect in the conduit theory of taxation and will stimulate establishment of special investment companies managed so as to qualify under the law. To qualify, such investment companies must have the bulk of their assets—by "bulk" we mean 90%—invested in municipals, and they must derive 95% of their income from such investments. Only if these standards are met will a company be permitted to pass the tax-exempt nature of municipal interest through to its shareholders.

Will it work? I don't know. There are those in our business who've made most extensive studies of the bond fund problem and who've concluded, for themselves, that it will work. To my knowledge, three bond funds will be quickly offered if necessary legislation is enacted. These funds are ready to go tomorrow. At least five other investment company sponsors are seriously considering establishment of tax-exempt bond funds if the necessary bills are passed. From these people I have learned the following generalities:

— some will convert existing corporate bond funds into municipal bond funds; others will start entirely new funds.
— some will have a large preliminary public offering through established underwriting houses; others will offer their shares through dealers on a best efforts basis.
— the sales charge will be at about ½ the charge for equity

Continued on page 35

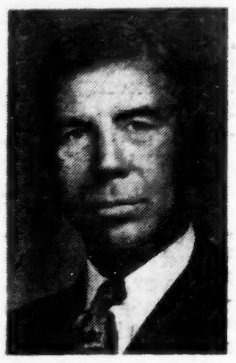
*A talk by Mr. Burr before the Municipal Forum of New York, New York City, May 24, 1957.

Lack of Economic Knowledge Requires All-Out Research

By C. M. WHITE*
Chairman, Republic Steel Corporation

Leading steel executive proposes all-out research to penetrate the working of our economy, and the development of a program to promote public understanding of economics and business problems. Asserting conflicts arise out of ignorance and misunderstanding, and that there's no basic conflict between labor and management, business and the public, Mr. White maintains his proposals to get the facts and to acquaint the public with them will achieve a truly united, prosperous and happy people.

In spite of the effort that American industry has made to tell its story, the typical man on the street is suspicious of big business; he is confused by labor - management issues; he has very little real understanding of the fact that his security, his job, his prosperity and his future are directly dependent upon industrial progress. He has even less understanding of the role of capital and profits in our economic system.



Charles M. White

The situation has improved in recent years, partly because the general education level is rising; partly because we in industry have exerted ourselves to make clear our objectives, and partly because of the sheer impact of industry's achievements. But there is still a wide gulf of misunderstanding between management and organized labor, between industry, and the public, and between industry and government. I think this is the most serious challenge confronting us today.

If the three great segments of our economy can understand each other, there is no domestic problem that cannot be solved, no reasonable goal that cannot be achieved.

Labor Relations' Progress

It is encouraging that so much progress has been made in the field of labor relations. Management has accepted unions as a permanent part of our economic structure, and many labor leaders have come to respect management's sincerity as well as performance. Thoughtful men on both sides of the bargaining table know that the partnersihp-in-fact of American labor and management has built the greatest production machine the world has ever seen.

Industry leaders have accepted the responsibility for training, for improving working conditions, and for raising productivity by investing in better tools and processes. Furthermore, as productivity increased, they have shared the benefits in the form of shorter hours and higher pay. As a result, the American laboring man has the best tools, the highest wages, the shortest hours, the greatest security and the highest standard of living to be found anywhere on earth.

I believe that most labor leaders know this. I believe they are well aware that today's high wages can be paid only because management planned well, invested heavily in research and natural resources, and raised enormous sums for expansion and development.

*An address by Mr. White before the Centennial Meeting of the American Iron and Steel Institute, New York City, May 23, 1957.

In spite of this progress, there are still areas of disagreement. But with each new contract I believe that leaders on both sides come closer to an understanding of mutual problems and goals.

Unfortunately, this understanding is not shared by many union members. How many men in your plants understand the relationship of profits to jobs and job security? Of productivity to wage increases? To prices? To the standard of living? How many understand the relationship of dividends to your ability to raise equity capital? In this area we have failed to communicate the facts to our employees, and many of our labor troubles in the past few years have stemmed from this failure.

Our failure has been even greater in our dealings with the public, and with the agencies of local, state and Federal Governments. I have deliberately linked the two, because I want to underline an omission that I believe is at the base of our trouble in these areas. We have forgotten, too often, that we in these United States are a democracy.

Behind every agency, every bureau, every office are the unseen and often unremembered people, the voters. Stripped of all sentimentality, the bare fact is that they control the destinies of this country from the ballot box.

Pressure groups and political tactics can influence the outcome of the vote for short periods of time. But in the long run the opinion of the majority prevails, and will prevail as long as our system of government endures.

With this in mind, it is clear that we are continuously accountable to the public, and if we are judged accurately on motive, method, performance and future plans, I have no fear of the outcome. As a group, the men of management in American industry are the economic conscience of the nation.

Getting the Facts to the Public

But if citizens are to act and vote intelligently, they must know the facts, understand the facts, believe the facts. Yet the average voter today knows little about economics, or about business methods and problems. When controversies arise between labor and management, it is easier for him to understand labor's point of view than management's, because "wages" and "working hours" are more familiar to him than "profits" and "productivity."

In working to establish a common meeting ground with the general public, as well as our employees, we must remember that the individual is the common denominator. When we can speak of business and economic problems in a language the average man can understand; when we can demonstrate the oneness of his problems and ours, we will have taken a giant step toward ending strikes, inflationary pressures, and unwise government interference.

Economic's Breakthrough

I think these are reasonable goals, but let's make no mistake about it. To succeed, we will have to increase, drastically, the amount of time and money we spend in getting the facts and getting them across to the people.

It is a startling idea, but **we know very little about some of the most basic dynamics of our economy.** We talk and write a lot about them, but their true nature is still hidden in the frontiers of economic theory. For example, let's look at taxes and government spending.

Most of us have done a lot of painful thinking on this subject. I think you would agree that taxes are too high; that incentive is being endangered; that the accumulation of investment capital is being hindered. Yet how many of us could answer even one of these questions on the basis of exact factual knowledge?

What is the danger point in the ratio between taxes and the national income?

What is the optimum revenue balance between the corporate income tax, the individual income tax, and excise taxes?

What is the long-range effect of the corporate tax on the flow of equity capital?

Have government spending programs speeded or slowed the growth of our economy?

Should we apply our surpluses to tax cuts, reduction of the Federal debt, or both?

I have an **emotional** answer for each of these questions. But when I approach them from the standpoint of exact knowledge, even with the aid of some of the best fiscal experts in the country, I am forced to admit that **I do not know.**

It is small consolation, but I am not alone in this. No one else knows either. Economists, legislators, labor leaders, teachers—we are all in the same boat.

It is hard to say "I don't know" on vital issues. But it is the beginning of wisdom. It leaves us no alternative. **We've got to get the facts.**

I think we should do everything we can to encourage research in economics and economic sociology. We need precise knowledge in these fields just as we do in metallurgy or electronics. We need to remove the guesswork, and reduce economics to a working science.

I do not make this proposal lightly. Our economy has grown so rapidly that many of our methods and policies are out-dated. It generates such tremendous power its weaknesses seem unimportant in times of prosperity, but even a rumor can set it cracking. When it threatens to break down we prime it with spending programs here, and reinforce it with new laws there, but since we don't know exactly how the thing works we pray a little every time we tinker with it.

I think this is a dangerous situation, and I don't think there is any cheap and easy way out of it. We spend billions of dollars and millions of man-hours for research in the physical sciences; I say let's spend what it takes to understand the workings of our economy. Republic will do its share.

But from the standpoint of communications, getting the facts is only the first step. Information alone is of no more use than iron ore in the ground. It must be refined and shaped into forms useful to the audience. And there, I think, we have failed worst of all. Even in those areas of technology and simple economics where we know whereof we speak, we have failed to develop a language that has meaning for the layman.

We talk, we write, we sow words broadcast across the nation, but we do not spend enough time listening to what we say. We do not hear how our words and meanings are twisted or misinterpreted by the receiver. We assume that his vocabulary is identical with ours.

Republic's Experience

To show how tough this problem can be, I want to tell you some of the experiences we have had in Republic. I am not talking about these things in a boastful way, for many companies have taken similar steps, and some have gone farther than we have. But we have learned some lessons, and I want to pass them along for what they are worth.

Several years ago we decided to set up a program to teach basic economics to our 7,000 supervisors. It seemed like a simple project when we started, but in doing background research on the problem we came upon some facts that astonished us, and broadened our objectives.

Now this will be hard to believe if you have never investigated it, but we found that there was no textbook, no high school or college course in business economics that could be adapted to our needs. The language was wrong, and the material was either too abstract, or downright misleading in its content or treatment.

Equally disturbing was the discovery that only a few public schools taught economics; that most economics "courses" were merely short sections in general social studies, and that very few economics teachers had firsthand knowledge of business and industry.

The situation was so bad we had to develop a program from the ground up. We asked the Industrial Relations Center of the University of Chicago to work with us in researching, writing and field-testing a set of materials.

We had allowed six months for the job when we began. It took us two years to complete it—two years to determine the principal areas of misunderstanding, to translate ideas into simple language, to develop visual aids when language proved ineffective, and to teach the teachers how to teach even this simplified set of facts and formulas.

But when we finished we had something of value. We found that when a supervisor took the course his ability to understand and interpret economic data jumped an average of 40%. Interest in this supposedly dull subject jumped still more. Men came to class early and stayed late. They came even if vacation schedules conflicted with classes. They carried their new knowledge and interest not only into their job, but into their home and community. It was an expensive undertaking, but the improved performance of supervisors, alone, more than justified the cost.

Public Wants Information

We learned something else, too. People are hungry for economic information if it is presented in an interesting and understandable form. We have field-tested the course with union groups, teachers, high school students and women's clubs, and without exception their interest has been high.

Interest in the program spread to other companies, and the University of Chicago found that it was unable to keep up with the job of training conference leaders. The aid of eight other colleges and universities has been enlisted, and 12 more will be active by the end of the year. At Evansville College, for example, the program is being offered to 30 companies in the area on a continuing basis. Other companies are adapting parts of the material to their own needs.

The University of Chicago is also working with us on a program aimed at building management cooperation at every level. Members of the management team are given a thorough study course covering the annual report, the union contract, and problems of personnel and supervision.

Every move we have made to promote the understanding of economics and business problems has been warmly received. In our Economics-In-Action program at Case Institute of Technology, to give another example, we offer 50 all-expense Fellowships to college teachers of economics and social science. This year, the sixth in which we have offered the program, we have received 164 applications for the 50 Fellowships. This indication of interest was confirmed by an independent survey by Opinion Research Corporation.

Appeals to Company Heads

There is no question about it. The opportunity to break through the communications barrier is there if we will grasp it.

I know that every steel company is already doing something about the problems I have outlined. By the same token there isn't a company — and I include Republic — that cannot easily do much more than it is doing.

Don't overlook the fact that small companies as well as big ones can develop effective programs. Two or more companies participating in the same program and sharing in its cost could do a basic economics job with one of the regional universities that are cooperating with the University of Chicago. Other universities could be enticed into doing the same thing that Case Institute is doing for Republic on our Economics-in-Action program. A joint enterprise by a few companies could expand this great work tremendously and I can assure you that Case would cooperate wholeheartedly.

But we must never forget that programs such as these are only a beginning. We need more facts and a simpler business language. We also need a broader philosophy of communications.

In the most literal sense, a company's communications program should be designed to strengthen the bonds of mutual interest that hold our society together. It should relate the employee — whether he be company president or trainee—to his job, to his company, to his community, and to the important issues of the day. It should relate the company to the community, to the industry of which it is a part, to the industries it serves, and to the economy as a whole.

I believe it is our responsibility to promote prosperity as well as products; good citizenship as well as good business; good government as well as free enterprise and the advantages of creative capitalism.

My credo, reduced to its simplest form is this: There is no basic conflict of interest between organized labor and management, business and the public, or business and government. There is only the conflict growing out of ignorance and misunderstanding.

My proposal is equally simple: Let's get the facts, develop the language, and utilize **all** of the tools of communication to promote understanding and the cooperative spirit.

If we do, the age-old dream of a truly united people, going down the road of prosperity and happiness together, can be a reality at last.

Form Amer. Programming

BEVERLY HILLS, Calif. — American Programming Corporation has been formed with offices at 430 North Camden Drive to engage in a securities business. Officers are Cecil E. Abbett, president; Karl C. Vesper, vice president, secretary and treasurer; and Virginia Foley assistant secretary and assistant treasurer. Mr. Abbett was formerly with King Merritt & Co. and Douglass & Co. Mr. Vesper was formerly an officer of Axe Securities Corporation.

The Economics of Growth, Credit and Inflation

By HANS A. WIDENMANN*

Partner, Carl M. Loeb, Rhoades & Co., New York

Wall Street investment banker and economic observer utilizes recent Patman Committee hearings to answer misconceptions regarding tight credit and economic growth. Mr. Widenmann points out that unsatisfied growth demands cannot be cured by: artificially low interest rates, letting the money printing press run, expanding bank credit to make-up deficit in savings, shifting local government and private financing to the Government, and resorting to direct controls to allocate available funds. Advocates free market and currency integrity be retained in modernizing our economic structure.

The golden age of Pericles lasted a hundred years—in historical perspective our form of government — our Republic — has already outlived its usual span. If we are to preserve our unique political-social economic system it is important that the voting public be aware whence its blessings flow so that the structure within which it operates and lives may be accommodated to meet the rapidly changing needs of the times without sacrificing the priceless ingredient of individual liberty. To foster and maintain public awareness of what is essential to preserve the opportunity for life, liberty and the pursuit of happiness is most difficult in the field of economics, finance and fiscal affairs—such fabulous things have happened in our lifetime that we rarely stop to consider how this all came about. Progress has been so rapid that we don't realize that many devices which are commonplace to us are often things that our parents didn't even dream of. We assume without thinking that all this miraculous unfolding of new products—unheard of today, but a reality tomorrow—will go on forever. We take it for granted that as long as we have sound fiscal management and perserve the integrity of the currency, growth will take care of itself—as a matter of fact a little deficit here and there and some moderate increase in the price level now and again isn't regarded as too bad.

Hans A. Widenmann

Outgrown Mechanism

This is the great illusion of our time, for nothing could be further from the truth—growth will not take care of itself, for this growth business is nothing like we've ever had before—the demands it is creating for goods, raw materials, machinery, labor, for credit, for capital, are so prodigious, that we're just beginning to sense that this growth is creating its own new problems and pressures. Certainly, we'll never achieve the tremendous potential of our modern mass capitalism with orthodox 19th century *laissez-faire* economics or ideas—it's true that the free market and a sound currency are two essential ingredients without which our unique form of government cannot survive—and altogether too many people are unaware that this is so. On the other hand, we'll probably also lose our liberties, if we continue to attempt to force our dynamic economic into the strait-jacket of our outgrown mechanism—which is already bursting at the seams—for it is like forcing a 200 pound six-footer into the clothes of a six-year-old — we're trying to operate a $450 billion economy with a banking, credit, money market and tax structure designed to accommodate one a fraction that size. We're an impatient lot—as my friend Dr. Roy L. Reierson puts it—there is a nationwide eagerness for the good things in life and the new things that our fabulous technology is inventing — as a people we're raring to go — but if we insist on doing it in our tried and trusted but outmoded jalopy we may be headed for a bust.

*An address by Mr. Widenmann before the 9th Annual Business Conference of Rutgers University School of Business Administration, May 16, 1957.

Let me illustrate, using the case history method. Let me take the Patman hearings of the Sub-Committee on Economic Stabilization of the Joint Economic Committee held in Washington last December. I want to discuss four basic points which among others evolved from these proceedings. If you're interested in the verbatim story you'll find it in a government pamphlet (85560) reporting these hearings entitled Monetary Policy 1955-56. I am taking some editorial liberties here and there to underscore the argument, but the gist is about as follows:

William McChesney Martin, Chairman of the Federal Reserve Board, is in the witness chair—and Representative Patman is the examiner, if you will.

Mr. Patman opens the proceedings by calling Mr. Martin's attention to the fact that the power to regulate the value of money is by Article I—Section VIII of the Constitution vested in the Congress and that Congress in its wisdom had delegated that power to the Federal Reserve Board. Mr. Patman then states that the purpose of the hearings is to have Mr. Martin once again give an account of his stewardship—the inference being that if the hearings disclosed that the Federal Reserve Board hadn't done a good job, maybe it was Congress' responsibility to review the situation and perhaps reassume the power over money—this is point number one—the question of the power over money and what criteria should direct its management.

As his initial question to determine how satisfactorily the Federal Reserve Board has done its job Mr. Patman asked Mr. Martin how far he was going to let government bonds decline. We, the Congress, gave you, Mr. Martin, the power to buy unlimited quantities of bonds — you can make money tight—you can make money easy—you have complete control over it — you have the Bureau of Printing and Engraving behind you to back you up in it. How much more are you going to despoil the people who in good faith bought these government bonds at par? When are you going to start buying? Every time you put these bonds down you penalize the saver and every time you put the rediscount rate up by 1% you impose an additional burden of $7 billion on the American people. You've raised the rediscount rate six times, Mr. Martin—when are you going to stop? This is point two — the bogey of the high interest rate.

Point three follows from point two — Mr. Patman says: "Now here is the Town of Hempstead, Long Island, that wants to build a school—it needs a new school—the existing schools are overcrowded — many children now have to have classes in the halls—but Hempstead can't sell its school bonds at any reasonable price because you, Mr. Martin, let the interest rate go up so high. Are you opposed to the education of children, Mr. Martin?"

That's point three—The widely held view that a high interest rate denies legitimate borrowers access to the market.

Point four is Mr. Martin's answer to question three to the effect that to insist that the Federal Reserve Board by suitable open market operations create a situation making it possible for the Town of Hempstead to sell its bonds at what the Congressman would regard as reasonable prices—or in a broader sense to insist that the Federal Reserve Board make up with bank credit any deficiency in the amount of available savings relative to demand—**would be inflationary** — whereupon Patman replies that there is confusion in many people's minds between inflation and progress—that on the record an increase in the price level of a few per cent a year seemed to be working out just fine—you have to have some expansion or you are against progress, said Mr. Patman.

Those are the four points—they illustrate some of the basic idea problems of our **political** economy—and we should always remember that this is not only an economy but a **political** economy. Let us consider the four points one by one.

First—the power over money. Mr. Patman in his questioning was reflecting a widely held view that the full employment philosophy ought to be the decisive consideration of public policy **even** if it means a little inflation; its adherents believe that monetary policy must be used in addition to government spending as a tool to avoid unemployment in compliance with the Congressional directive embodied in the Employment Act of 1946—and that if the Federal Reserve Board is stubborn about using its powers its hand must perhaps be forced and its powers in effect reassumed by the Congress in whole or in part—in political terms this means that full employment is believed to be regarded by the general public as more important than avoiding inflation.

Answers Fallacies

However, the things that the public should bear in mind with respect to point one are:

(a) that the very secret of a successful Federal Reserve Board is that it is an independent Congressional agency **not** subject to Congressional control;

(b) that the attempt to make its decision subject to political debate or decision would be fatal;

(c) that Congress, realizing this, deliberately divorced itself from any control over the day to day policy decision of the Federal Reserve Board for the very purpose of avoiding the pressure that would otherwise be continually put on Congress to try to influence the Federal Reserve Board;

(d) that full employment, admirable as an objective it may be, is not more important than inflation—that on the contrary the preservation of the integrity of the currency in the long run is indispensable for prosperity and growth; and

(e) conversely, that neither government spending nor inflationary credit expansion will cure unemployment or a recession—if it were as simple as that all we'd need is a couple of good money printing presses.

I might say parenthetically at this point that I'm deliberately being very dogmatic about the things the public should be aware of—for the purpose of evoking questions and discussions.

Now as to point two—the price level of government securities and the interest rate. The U. S. Treasury 3s of 1995 originally issued at 100 are now selling in the low 90s, says Mr. Patman (they were in December)—how far are you going to let them drop, Mr. Martin, asks Mr. Patman—are you going to let them go into the 80s before you start using the power we gave you to buy them?

In asking this question Mr. Patman is reflecting the widely held views:

(a) that the Federal Reserve Board can put the interest rate anywhere it wants to with impunity; that if the market forces take interest rates beyond a certain level, and the Federal Reserve refuses to act, the government should and must step in not only to prevent mysterious bankers from reaping unwarranted profits, but also because of the popular belief that too high interest rates are apt to precipitate a recession;

(b) that a holder of governments who bought government bonds at 100 now selling at 90 has lost money;

(c) that an advance of the rediscount rate automatically increases the burden by the exact amount of the rise applied to the whole public and private debt.

Now the public should be aware that: (a) the Federal Reserve Board cannot put the interest rate any place it wants to with impunity; (b) that high money rates are not inconsistent with growth or full employment and they don't generate downturns in general business as the critics of tight money would have us believe; rather, such downturns stem from a previous unbalanced overexpansion which could not be maintained in any case; (c) that a man who has bought a government bond at par, which is now selling at 90, hasn't lost a cent unless he's sold it and that at the time he bought it this obviously represented the best yield on a bond of that quality available in the market; and (d) that an increase in the rediscount rate by 1% doesn't increase the cost of carrying the estimated total of American public and private internal indebtedness of $700 billion by $7 billion — because the increase in the rate will apply only to the relatively small amount of new debt incurred after the increase in the rediscount rate has taken effect; and finally, (e) the public should be aware that there's obviously something wrong about the notion that any money desired by the Town of Hempstead or anybody else for that matter, should be available at not more than, shall we say 6%. If it isn't, then someone is holding out—someone is trying to profiteer—and the government or the Federal Reserve Board or someone should step in and make them fork over.

The Federal Reserve Board has no control over the volume of savings and to insist that the lender ought to accommodate the borrower at some arbitrary maximum rate blithely assumes he has the funds to accommodate the borrower. Moreover, it doesn't do anything to equate the supply and demand — it's King Canute over again—it just says that the borrower ought to get his money, irrespective of the number of other borrowers, without permitting the interest rate to rise in order to make some of the borrowers defer their demands. Just deciding that the interest rate shall not go up doesn't produce any additional savings—in fact it prevents it. And if the demand for capital outruns savings, there is no better way than the freedom of the marketplace to determine the allocation of the available funds. The only alternative is governmental control.

If the government is not going to let the interest rate and the judgment of the lender decide which of two borrowers is the better risk — then some government agency would have to make the choice, for the lender obviously can't lend the same money twice—that is to put the allocation of the available funds into the hands of a capital issues committee whose decision would perforce be determined by relative political pressures—the interposition of such a political agency would mean that you have abandoned the free enterprise system and embarked on the road to state socialism.

All of this is in addition to the fact that any qualm a legislator

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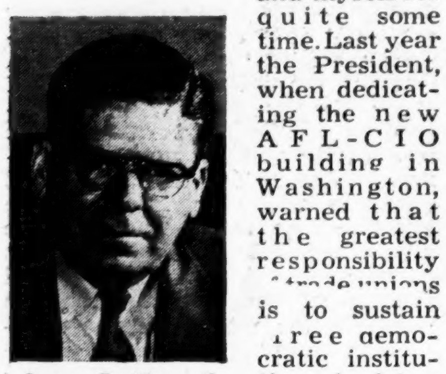
Meeting the Challenge Of Labor Racketeering

By JAMES P. MITCHELL*
Secretary of Labor

U. S. Labor Secretary calls for "an immediate reform of some union constitutions" to strengthen democracy within the labor movement and curb corrupt leaders. Secretary Mitchell refers to rank and file apathy about the affairs of their corrupt unions as the real betrayer; warns, however, against "headlong legislative plunge"; and suggests speedy passage of two remedial measures which would not interfere with union organizing or bargaining, nor prevent good labor leaders from helping themselves. Avers default on part of union members and leaders invites legislative interference to protect the individual.

Corruption in unions and abuses of trust by some labor leaders have been of the most intense concern to President Eisenhower and myself for quite some time. Last year the President, when dedicating the new AFL-CIO building in Washington, warned that the greatest responsibility "trade unions is to sustain free democratic institutions in labor that are in keeping with our own national ideals and institutions. Labor organizations," he said, "must serve the individual and not seek to dominate him."



James P. Mitcnell

As the President spoke those words, there was a bill before Congress that would have protected the beneficiaries of union welfare and pensions funds by requiring public disclosure of the financial operations of such funds. We sent that bill to Congress last year, and the President suggested it as early as 1954. No action has yet been taken. It is a truism in a democracy that the greatest force for good is aroused public opinion. Since the Senate Committee has performed its vital and valuable service, I have every confidence that this bill, along with the rest of our legislative program in this area, will see passage this year.

Praises Unionism

The Administration's welfare and pension bill, the President's special Labor Message in 1954, our program designed to help eliminate corruption—all were and are based upon the firm conviction that American trade unionism is a keystone in the foundation of our democratic society. It has been a great force in the advancement of our standard of living. It has been an important and highly effective instrument for the advancement of social justice. It has helped elevate the wage earner to a man of property. It has helped make possible today's America in which employment is up to a record high of over 64 million persons and 52 million families and unattached individuals receive average personal incomes of $5,000 or over. It has helped make possible the widespread material welfare reflected in the fact that 73% of American families own automobiles, and 60% of all of America's homes are owned by the families living in them. It has helped to create a society in which there are 38 million television sets and 45 million refrigerators; but it has done much more than this. It has insisted on equality of opportunity. It has lifted many members of minority groups over the high walls of prejudice that confronted them. It has sought and will continue to seek social justice. It has been a leading force in every struggle for right and charity.

Because the trade union movement has made such splendid progress, because it has played such a large part in the fuller realization of our democratic ideals, corruption and malpractice are indeed abominations that shock and amaze our people.

The labor leader who has aborted his position of trust for personal gain is a tragic and pathetic figure. Tragic in his denial not only of his own faith but that of millions of working people. Pathetic in his blindness to his stature among his fellow men.

Corruption begins when a labor leader loses his sense of vocation. For trade unionism is a vocation, not just a job that buys the groceries. A responsible labor leader does more than act as an agent to increase the material well-being of his fellow members. By the very nature of his position, he is a man with a mission—to bring wider justice to society, to create opportunities for education and self-development for his members. He is not only administrator, diplomat, and organizer; he is also the guardian of a trust bestowed upon his office by working men and women who look to him for inspiration, guidance, advice and example.

Leadership Dimensions

To maintain this dual role of organizer and administrator and what might be called Keeper of Values is today a complex and exacting job. Modern labor unions are often vast, sprawling organizations with more than a million members in hundreds of cities and towns across America. Many millions of dollars a year pump through the modern labor organization, which employs not only organizers but economists, lawyers, statisticians, business advisors, public relations experts, accountants, secretaries, a whole staff of experts and specialists divided into divisions and subdivisions. Modern labor is big because our economy is big. A leader whose sense of moral position and moral values is not strong, who does not realize the full dimensions of his office, may become overwhelmed by this bigness and succumb to greed and corruption.

The leader who loses his sense of mission and sees himself as little more than a bargaining agent whose job ends with securing a wage hike for his members will sooner or later begin to divide his personal activities from his public activities. If he thinks — "My members are happy, so what I do after that is my own business"—he goes morally blind. The slightly shady deal becomes sooner or later the very shady deal. What he would call "outside" interests lead him to some staggering temptations. The very size of his operations, elevated as he is from the everyday bread and butter aspirations of the rank and file, makes it easy for him to forget his basic obligations and his responsibilities.

Parties to Crime

I have expressed fears on many occasions throughout last year and the year before about this kind of blindness resulting from this kind of bigness. I asked the question on those occasions whether some of our labor leaders were not shirking from the full duties of their office. I say now that a leader who has lost his sense of vocation is not fit to serve the best interest of his office, his union, or his country.

Such a leader has a counterpart in the dishonest employer, whose urge for profit is unfortunately greater than his urge for ethical behavior. Collusion between a labor leader and a weak employer is a case of the blind leading the blind and can only lead eventually to a grand fall.

There is also a third party which has contributed to the present state of affairs—the common criminal. Criminals do not need an engraved invitation to make dishonest dollars. All they need is a door left ajar. A deal between a weak employer and a corrupt labor leader is one step from extortion. There are some men that make that step. They are handy with a blackjack or a stick of dynamite. Their very presence, standing ominously in the shadows, promises physical punishment and pain to any who resist their demands. They give labor the blackest name of all. But their attachment to labor rackets is as tenuous at base as their attachment to any racket; once their bosses are apprehended they drift away to some other enterprise equally deserving of their talents.

And finally, beyond the leader and the employer and the criminal, stand the rank and file of union members themselves. They might well wonder if their own apathy about the affairs of their union has not been the real betrayer. They might well wonder whether their insistence upon moral leadership should not have been stronger, more urgent, more undeniable. They might wonder if their own vision has not been short, stopping too often at the good contract and the increased benefits.

So much, then, for the nature of the problem.

What can be done about it?

Danger of Over-Correction

The course of action I am about to suggest must be prefaced by pointing up the real danger of over-correction. Labor racketeering brings from some quarters of society a demand for dangerously strong reprisals that would have the effect of impairing trade unionism's ability to organize and bargain. Some people see in the present hearings an excuse to do real damage to organized labor in this country. It would be forever to our shame and detriment if such drastic anti-union bias were allowed to influence our course of action.

The President is especially concerned that some people will seek a cure that would kill the patient. He stated his conviction as follows: "The American labor movement must be free to pursue efforts to achieve social and economic gains which in the past have benefited the nation as a whole." In defining the government's role, then, he urged a careful and progressive program that would neither endanger the existence of unions themselves nor permit corruption to continue.

It is my position that legislation that harms the ability of unions to organize and bargain would make a chaos of trade unionism and seriously impair the basic American institution of collective bargaining.

The President pointed out that "corruption on the part of a few should not obscure the fact that the vast majority of those connected with organized labor are decent and honest Americans and that responsible labor leadership is moving speedily toward protecting their members from any such abuses, as far as their means permit."

These warnings by the President indicate areas where governmental action seems appropriate. Our legislation should be directed toward helping good labor leaders help themselves—to take up where their own individual means leave off. In line with this policy, it seems clear now that Federal action is needed to protect the principal objects of corrupt leaders—union funds on one hand and union welfare and pensions treasuries on the other. I have proposed, therefore, that government take the following action:

Two Proposed Measures

(1) Speedy enactment, in this session of Congress, of legislation to require the registration, detailed reporting and public disclosure of labor-management health, welfare and pension funds. A specific bill to accomplish this was sent to Congress last year and has been resubmitted this year, but so far there has been no action taken on it.

(2) I believe that all unions should be required to file complete and meaningful statements of their financial situation, and that these statements should be available to the press and to the public at large.

Swift Congressional action on these proposals will provide effective help in safeguarding the funds of union members by placing under the closest public and governmental scrutiny those aspects of union financial affairs most susceptible to corrupt practices.

Other legislative measures may be necessary. President Eisenhower has suggested this course of action. "Each situation," he said, "must be studied carefully to determine what remedies are necessary and whether they best lie in voluntary action, better law enforcement, administrative action, or appropriate Federal or state legislation, or in a combination of these means."

This is sound advice against any headlong legislative plunge that might effect a temporary cure to the lasting detriment of the whole nation.

Right here I would like to say that it is unfortunate that there is such an obvious necessity for legislation to protect the interests of union members. It should be a clear indication to union members and their leaders that as they default on their own responsibilities, the public through its legislatures will move in to protect the individual. The more legislation regulating union affairs, the weaker unions will become; because it is a certainty that as unions depend on government for help, so their reason for being diminishes. Therefore, it behooves labor unions to take every possible action themselves to rid the labor movement of corruption and gangsterism.

What can unions themselves do?

What Can Unions Do?

I believe that an immediate reform of some union constitutions is in order. In those unions where corruption has taken hold, the constitution often serves as the convenient and legal excuse. By removing this blind, by changing it so that democratic light shines through, a first step will have been made.

For it is a fact that some union constitutions so stifle their memberships as to make reform a remote possibility.

Furthermore, in those unions lead by good and true leaders, a constitution that is capable of distortion or manipulation may become a source of temptation for future leaders. A union constitution should be unequivocal. It should be insulated against attempts to change or distort it, and in that way it serves as the constant shield for the rank and file throughout the years.

Even though present corrupt leaders are expelled, the same opportunities for self-enrichment through misuse of union administration should also be eliminated.

In one union constitution there is a trial procedure that empowers the executive board of the International to take over any trial of any officer or body subordinate to it. From the decision of this board there is no appeal except, in certain cases, to the convention, which is dominated by delegates who owe their jobs to the very men the appeal is being made against.

Under a provision such as that, any local union can be seized and held without any recourse except to the man who seized it.

In contrast there are many unions who pride themselves on and treasure their democratic processes. In such unions one is not surprised to see the rank and file taking an active and vigorous role in the conduct of the affairs of the union.

Truly democratic processes are the best safeguard against labor racketeering. If individual unions are determined to prevent hoodlumism, or to stamp it out where it exists, there is no better place to start than with their constitutions. Where power is not fairly distributed; where one man holds all the cards of appointment and salary and seizure and decision; where trials and appeals are not rigorously democratic, and most important; where men can attain to great power through constitutional weaknesses, there, it would seem, changes are in order.

In brief, the restoration of democratic realities as well as democratic ideals is the best way forward for all trade unions.

Fixes Final Responsibility

This matter rests ultimately with union members themselves, with the working men and women of America.

Labor has faced challenges in the past. It fought to be recognized. It fought for social advancement and the improvement of the human lot. It fought against those who would cripple or destroy it. It fought against the Communist menace and successfully cast those leeches away from its body. Now it faces yet another and significant battle—the battle for its own self respect and its standing in the eyes of all our people. I have faith that it will succeed. I have stated this faith time and again and I am more convinced of it now than ever before. There are too many men of good will in this country, like you journalists here tonight, who realize the good that the labor movement had brought to our democracy, ready to support and aid in the cleaning job.

In the last analysis, the success of trade unionism lies in only one place—its firm adherence to the goals and ideals that lead to the advancement of individual dignity. The test and trial of these times—when assaults upon unions will be many and heavy, when all union members must face the realization of their obligations, when every labor leader is called upon for the utmost in statesmanship and conviction — may well prove the temper to strengthen and refine American organized labor.

The alternative is decay.

*An address by Mr. Mitchell before the Catholic Press Association, St. Louis, Mo., May 16, 1957.

Over-the-Counter Markets: Misnamed, Maligned, Meritorious

By R. VICTOR MOSLEY*
Suplee, Yeatman, Mosley Co., Inc., Philadelphia, Pa.

The excellent opportunities of The Over-the-Counter Market and favorable comparison with the Listed Market, not too well known even to those in the securities industry, are set forth by prominent Philadelphia dealer-broker in showing why it is not a mistake when a corporation fails to place its securities on the exchange. (1) Today's excellent communications providing accurate and rapid quotations, which are getting better newspaper space; (2) comparable investor protection in both listed and unlisted securities; (3) favorable performance of National Quotation Bureau's Industrial Average with Dow Jones; and (4) instrumental role of the National Bureau in improving trading and transactions, are detailed by Mr. Mosley. Suggests substituting National Securities Market in place of the anachronistic name, Over-the-Counter Market.

To my knowledge, there is no actual record as to the earliest beginnings of the so-called "Over-the-Counter Business." But securities transactions of one kind or another which could properly fall into the general class of "Over-the-Counter" can be traced back many centuries and old records definitely indicate that each adult passenger on the "Mayflower" held a share or participated in this joint stock enterprise.


R. Victor Mosley

It was in Philadelphia, the "City of Brotherly Love," that securities transactions had a very early beginning. The Bank of North America, located in downtown Philadelphia, and chartered in 1781, had its stock sufficiently widely distributed that within a period of a few years such stock was owned by citizens of at least nine of our original 13 States. This particular situation has an unusual interest to me because my freshman days in the securities business, in the period between 1920 and 1925, were spent in the Trading Department of the Bank of North America and Trust Company, a lineal descendent of this early American banking institution.

The Name

First of all, I would like to emphatically repeat what has been said on many occasions—that the name "Over-the-Counter" is an unfortunate one; it is misleading in its meaning and has dubious connotations. This applies equally well to other descriptive terms used from time to time, such as "Unlisted" or "Off Board." Frankly, I think in so far as a title is concerned, the Over-the-Counter Market today is in a similar position to the New York Curb a few years ago. These original names, undoubtedly, served their purpose either as to the place of origin or as to the nature of the business, but for the same reasons that caused the New York Curb to realize that the disadvantages of such a name far outweighed any sentimental value, I think we interested in the Over-the-Counter business should take a similar action. This thought is not in any way a new one and along with others, I have propounded this idea for ten years or more. The name as it stands today has no particular significance and I am quite sure that if a satisfactory replacement was chosen, in a few short years the old name would be a thing of the past.

My recommendation for a name to be applied to the general Over-the-Counter or Unlisted business is: THE NATIONAL SECURITIES MARKET. I feel this name is most suitable for a combination of reasons. In the first place, there can be no question but that the Over-the-Counter Market is national in its scope. Securities falling into this category are of interest and are bought and sold in every large city and practically every community in the nation. Most certainly, from the viewpoint of distribution the name NATIONAL SECURITIES MARKET would be an ideal one. This name does not in any way conflict with any of the present regional or other stock exchanges and purely as a matter of coincidence, the name seems to be ideal for a number of other reasons.

The securities industry, to a large extent, is governed by the National Association of Securities Dealers as well as the National Securities Traders Association, a trading group with 31 affiliates located from coast to coast, and in excess of 4,500 members, and to a very large extent, engaged in daily transactions in the Over-the-Counter Market. The proposed name would be an ideal one in so far as this group is concerned. Finally, the National Quotation Bureau, which I will discuss later, likewise fits into the daily activities of those engaged in the Over-the-Counter business to a very marked extent. It seems hardly likely that any other name could include all of these advantages.

We might say, in effect, what is in a name? But I am sure we are all justly proud of the profession in which we are engaged and it is entitled to have a descriptive name that fits its importance. It is not uncommon for not only associations and leading corporations to adjust and rearrange their businesses to meet changing conditions, but also to change their names as well.

Size and Scope

When I accepted this assignment to discuss the Over-the-Counter business I made to myself a very definite resolution that I would avoid any criticism or comparison with the Listed markets. On the other hand, practically all things in life are comparative and it is extremely difficult for me to try and point out the important position that the Over-the-Counter Market occupies without at least making some reference to the other markets. Furthermore, any controversy between Listed and Unlisted markets is certainly nothing new. Let me read from an article that appeared in *The Commercial and Financial Chronicle*, as follows: ". . . By the uninitiated it might be supposed that there was some inferiority in the character or standing of these bonds to prevent their being placed on the Stock Exchange list. Such, however, is not generally the case and some of these bonds in point of fact are better investments than others which are called at the Board." This article did not appear last week or even last year. As a matter of fact, this quotation is taken from a *Chronicle* of 1872 —a mere 85 years ago.

As to the question of size. This is an extremely difficult matter to answer fairly and correctly. It reminds me very much of two younsters arguing as to the size of their fathers until it was suggested by a third companion that their daddies be brought to school. The first little boy produced a long and gangling daddy—all of 6 feet 3 inches and 150 pounds. His opponent's idea of size was, apparently, not the same as his father was a combination of 5 feet 2 inches and 250 pounds. The argument still goes on as to which father was the largest. And this could well be the case in so far as the Listed and Unlisted markets are concerned. We are all familiar with the fact that the New York Stock Exchange has approximately 1,500 stocks listed thereon and that in recent weeks an average day's transactions were about 2,000,000 shares and the total transactions for any given day or year are a matter of record. Also, one must recognize that the great majority of stocks listed on the New York Stock Exchange, as well as some of the regional exchanges, are our largest corporations, with a great number of shares outstanding. Nevertheless, when one gives full consideration to the fact that the securities of at least 30,000 corporations are traded, either actively or inactively, in Unlisted markets, a clear picture of its vast scope begins to reveal itself.

Briefly, I would like to point out that in this market, with very few exceptions, are all national bank and trust companies; life, casualty, and other types of insurance companies; in addition, real estate securities, many Canadian securities and investment companies. Furthermore, the Unlisted market is the original market and the proving ground for practically all new issues as they come on to the market. Many of these, of course, are listed on exchanges upon completion of distribution. As yet, nothing has been said as to the bonds and other similar type securities. As we all know, the volume of bond transactions has changed in recent years until, to a very large extent, the bond business is of an institutional nature. Many of us were originally bond salesmen, bond traders, or worked with bonds in one form or another. Today, the overwhelming majority of those in the securities business are in the equity market and bonds, to a large extent, are left to dealers in municipal securities and specialists in the bond field. Generally speaking, all municipal bonds, the great majority of smaller issues, an overwhelming majority of U. S. Government securities of various types and equipment trust certificates and, I venture to say, a very substantial portion of those corporate bonds listed on various exchanges are dealt in as Unlisted or Over-the-Counter transactions.

Operation

I do not feel it is necessary for me to describe the mechanical operation of the Over-the-Counter Market. However, I do not think it would be amiss to discuss briefly the role of a trader in the Over-the-Counter business. Naturally, as an individual associated with trading activities in one form or another over a period of years, I may well be prejudiced as to the part which I believe this individual plays in the securities busi-

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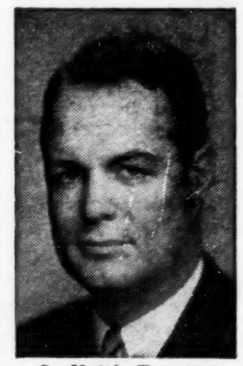
*An address by Mr. Mosley before the Investment Bankers Association's Investment Seminar at the University of Pennsylvania.

Challenge for Management: The Cost of Venture Capital

By G. KEITH FUNSTON*
President, New York Stock Exchange

The lower cost of raising new money through the sale of common stock on the New York Stock Exchange is advanced by Mr. Funston after analyzing the nation's $360 billion plant expansion needs estimated for the next decade, of which $60 billion is expected to come from new common stock financing. The well known Exchange head concludes: we are in the midst of a quiet economic revolution, the needed dollars are available, and, for firms with a "truly national interest, new money generally can be obtained at much lower cost through a New York Stock Exchange listing."

Over the past few years while American business has been writing its remarkable record, the gas industry has gone a step further. In a nation singularly devoted to raising its living standards, you have developed the knack of making the impossible frequently seem commonplace.


G. Keith Funston

Indeed your record is such that it poses a unique problem for an outsider like myself who is anxious to talk with you about the future. My problem is simply this: how does one go about discussing the challenges of tomorrow with a group of men who have so successfully met the challenges of yesterday? Perhaps a way to begin is to take a look at the dimensions of the future.

Some years ago Carl Sandburg did so and proved himself to be a prophet as well as a poet when he commented: "I speak of new cities and new people . . . I tell you there is nothing in the world, only an ocean of tomorrows. A sky of tomorrows."

Twentieth Century businessmen have demonstrated a remarkable willingness to explore, improve and invent. They have set in motion a series of changes that have definitely altered the way we live. They stand, as a result, as our truly great innovations. They are our real radicals.

And having helped bring us to our present levels of abundance, our modern-day businessmen are face-to-face with a series of challenges that are more difficult, complex and awkward than any they have faced in the past. Perhaps one of the stiffest yet least talked-about problems they face is money—**growth money.** How much of it will be needed in the future? Where will it come from? How much will it cost?

$360 Billion Required for Plant Expansion

There was a time, no so long ago, when management's needs—at least in the public mind—were centered on two of our great resources—manpower and materials. Our past advances are generally considered to be a result of the efficiency and imagination with which these resources have been developed. Now, a general public awareness is growing that a third "M" — money — is equally important to our future. Indeed, it must be placed at the top of the list of critical items we need. For it is investment money, in tremendous quantities, that will determine how far our economy advances in the next decade, and how high our living standards rise.

A personal observation is timely here.

At the Stock Exchange we are absolutely convinced that if companies are to reach their anticipated goals, they will have to rely on the mass of American people for much of their investment money. Between now and 1965 American corporations, for example, probably will have to triple the amount of common stock financing over the levels of the postwar decade. It is quite beyond the capacity of our great financial institutions to supply such a sum. Only the mass of the American people have such resources. We are convinced—and experience bears us out — that millions of Americans do have the additional **dollars** needed as well as the willingness to risk their funds on our future.

The tremendous need for investment funds is one of the simplest and most significant truths about economic America. Indeed it is inherent in the record of the **last** 10 years—and implicit in our plans for the **next** ten.

For example: In the single decade that ended with 1955, the money invested in our storehouse of new plants increased by an astonishing $230 billion. Even after allowing for inflation, this meant we were able to raise by one-quarter the goods and services 170 million people enjoy today. The gas industry's record, I might add, was even more impressive. By increasing your network of pipelines, compressor stations and other facilities by $9 billion, its output soared two and a half times. This made it the sixth largest industry in America.

What, then, of the future?

If we could jump across the coming decade we would see, I expect, a growth of even greater import. By 1965 corporations may have to pour another $360 billion into new facilities. These plants are being designed **now**—not only for the needs of a population estimated at 190 million but also to raise living standards another 30%. As part of this over-all effort, the gas industry plans to increase its output by 75% and extend its service to an additional 10 million customers. To do this you must add facilities costing $19 billion, more than doubling the amount of money invested in the decade following World War Two.

There is no precedent, even in our recent past, for this scale of money-raising or expansion. Yet, even allowing for the probable ups and downs in our economy, industry-after-industry is planning such programs.

My own concern, I would emphasize, is not **whether** our growth money can be raised. I am sure it can. But **how** the job is done **is** a matter of great concern—one that can have a vital bearing on your corporate future, and on the soundness of the nation's economy.

Most of tomorrow's dollars obviously will come from internal sources. In many industries, earnings and depreciation will provide as much as 65% of future needs. In others, where companies are subject to utility regulation . . . where depreciation reserves

*An address by Mr. Funston at the 44th Annual Meeting, Southern Gas Association, New Orleans.

are limited . . . where there are large investments per dollar of revenue, internal funds will meet only 35% of your needs.

Well, what of the money that cannot be raised internally? Do you borrow it? Or do you issue stock? The problem is not new, but its dimensions certainly are without precedent.

Consider debt financing. It has long been the major source of new outside money. This will undoubtedly continue and the reasons are not hard to fathom. Debt financing is frequently faster. It has been cheaper to arrange and to carry because interest is tax deductible. But in the search for corporate dollars in recent years we have begun to see the other side of the debt-financing coin. Money has grown tight. Interest rates have pushed upwards. And this has left companies with the unpleasant but certain knowledge that the higher their fixed charges, the more vulnerable they are to changes in the business cycle.

These factors have focused more attention than ever on two related matters I mentioned earlier. The **first** is the rising volume of equity financing—a volume we believe ought to reach the staggering sum of $60 billion in the decade ending 1965. This figure, incidentally, is fully three times the rate of the past 10 years. The **second** factor is the trend towards broader shareownership. Both points are worth exploring in more detail. They provide a key to a most important and eminently practical question: how much will tomorrow's equity money cost?

Public Can Absorb New Issues

The amount of new common stock financing last year — $3.3 billion—was the highest in history. In achieving this record corporations were motivated by an awareness that equity financing placed them less at the mercy of cyclical business changes. Moreover, they were maintaining their flexibility, while building a solid base for future borrowings. In the process they also proved that a major question equity-minded companies once faced has been answered definitively. It is whether the public can readily absorb new stock issues. The answer is that the public can. And even more important, the public will.

Companies selling equities in recent years have found new patterns of security ownership are drastically altering and easing their financing problems. Shareownership is enjoying new favor among additional millions. And these investors have literally billions available for investment. This fact has been borne out often in the past two years. Companies listed on the New York Stock Exchange, for example, have raised $2 billion in new equity money simply through rights offerings to their existing stockholders.

There is a fascinating mid-century revolution behind this trend. Through broad shareownership a new type of capitalism is emerging. It has been called — very aptly — a "People's Capitalism." And it is best illustrated by one fact: since 1952 the number of individuals who have invested directly in American business has jumped 33%. Shareowners in public corporations now total over 8.6 million. These investors, we have discovered, include **more young** people . . . **more women** than men . . . **more residents of small towns** than larger cities . . . and **many more middle and lower income people** than those in the higher brackets. Their direct ownership of the means of production is one of the healthiest and least-heralded economic events to occur in this century.

Some 80% of the country's shareowners, I might add, **own shares listed on the New York Stock Exchange.** And this can be of great importance to management itself. For we now have strong evidence that **the fact of listing on the New York Stock Exchange can have a direct bearing on lowering the ultimate cost of raising capital — particularly the cost of issuing common stock.**

In recent months, as tight money has driven financing costs higher, the Exchange has addressed itself to this particular corporate problem. We recognize, of course, that financing decisions are not made in a vacuum—and that costs are not the sole factor to be considered. Nevertheless, what we have learned is vital to any group of executives wrestling with the job of meeting tomorrow's financial needs.

Results of Study

Let me be specific.

In analyzing some $4 billion worth of new securities of all types issued in 1955 — the latest year for which complete figures were available—this is what we found.

First, that for our listed companies, the cost of common stock financing was dramatically lower than for companies not listed on the New York Stock Exchange. Listed companies paid an average of $2.57 to underwriters for every $100 of new capital received from common stock sales. Other companies, on the other hand, paid $5.65 per $100. This represented a differential of 55%. I submit that if, for every million dollars raised through the sale of new stock, a company can save almost $31,000, then a major element has been added to its financing decisions. Well, our listed companies have, on the average, realized important savings — regardless of their assets, the size of the stock issue, or the type of industry represented.

The **second** thing our study showed is that for companies in the utility, gas and petroleum fields, the savings for our listed companies were even more marked. Here, companies listed on the New York Stock Exchange paid an average of $1.47 per hundred dollars in underwriting charges. Other companies paid $3.45. The difference was 57%—a statistic no cost-conscious executive can overlook.

A **third** point we discovered is that it is also cheaper for our

Continued on page 25

THE MARKET . . . AND YOU

By WALLACE STREETE

The inevitable correction showed up in the stock market this week after three months of virtually uninterrupted advancing from the year's low posted early in February.

Reactionary tendencies were held well within the technical limits of a "mild" correction and, in fact, a good portion of the list merely dawdled while the recent favorites were getting the brunt of the selling.

Summertime Hopes

Little in the way of increased volume was attracted by the selloff and, with Decoration Day at hand, hopes for a summer rally in the traditional style were still very much alive. A rise sometime between now and Labor Day has become a fixture of the market in recent years.

In the rebound from the February low — which, incidentally, was technically a bear market signal — the industrial average added around 10% and in working across the 500 line for the first time this year spurred arguments over whether a new all-time peak is due finally to eclipse the record level set early in April of 1956.

Apart from the high hopes, the clearcut indication given by the market was that there was a sizable supply of stock available when the index worked between 500 and the 521 peak set nearly 14 months ago. The corollary debate was whether this supply could be absorbed without the help of the rail section which has persistently refused to ape the buoyancy of the industrial division.

One recent feature that was rather obviously snagged in the reaction was Corning Glass. The fanfare in this issue centers on a new special purpose glass that, apparently, is suitable for the exacting requirements of missile work. The issue, available under 70 a couple of weeks ago, bounced ahead nearly to par but then turned erratic and was given to sinking spells.

IBM Interruption

In the case of high-priced International Business Machines the financing, via rights, weighed a bit heavy on the stock, enough in fact to interrupt its rather long period of popularity and more-or-less steady price appreciation. Because of the spread of around $100 in the price of the new issue against the market price when the subscription rate was set, the rights had a rather high tag, up to as much as $10. When they turned erratic, the stock was also easy and in the process slipped to a new low below the $290 mark against the $332 price just prior to the offering. This included an automatic trim of $8.75 as the issue went ex-rights.

Outstanding Drug

A standout on contrary strength was Warner Lambert which, as with the other drug companies, is busily turning up new preparations in the antibiotic and tranquilizer lines. The stock was able to forge to new highs right through the correction although there were some studies circulating that judged the market price to be fully in line with the increase in earnings potential indicated for this year.

Still Lagging Film Giant

An issue that offers intriguing facets but has yet to find any significant market expression is Loew's. This is one of the last of the large film giants that has yet to split into production and theatre units in line with government orders.

In addition the company is currently being revamped by a new management which so far has trimmed $2 million from operating expenses, brought income of $7 million a year in sight from lease of its older pictures for TV use, and is planning production of major new movies. Its foreign income has been spurting, reaching some $50 million last year and its radio and music lines are both showing improved results. Because it will take from half a year to a full one to get the benefits of all these improved situations, earnings for the fiscal year that ends in August are being projected at only moderately better than last year's results. The outlook, however, is a bright one.

Liquid Retailers

Store stocks, too, have had little following and a recent study of issues selling at around the same levels as the working capital included several issues. Aldens with a market tag of $18 against working capital of $18.57; Spiegel at $12 against $18.30 in working capital; Reliable Stores at $15 against $21 on hand; and Grayson-Robinson with a $6 price against nearly $10 in working capital are among the offerings available in this group.

Yields in the store shares, except for dividend-less Grayson, run from better than 6½% in Aldens to between 8 and 8½% in Reliable and Spiegel. Montgomery Ward, available at a 6% yield, has a market price some $8 under the $45 total working capital.

Atom-Stimulated Oils

Oils have been in the most persistent demand ever since World War II. And, while they were something of prime selling targets in the market's corrective periods, there were no signs that the long-time popularity is anywhere near over. The assistance of the atomic age, moreover, promises to be worthwhile enough so that they will probably be in the forefront for some time to come.

As Standard Oil of New Jersey stockholders were told, the promises of the atomic age are many and varied, including the possible elimination of costly equipment for today's conventional oil cracking processes. Sinclair, Texas and Cities Service have all recently added a radiation laboratory to its research center and Texas Co. is taking steps for the addition of radiation laboratories to their research establishments. It adds up to something of a race among the oil giants to see who can come up with the first of the important profit-bolstering applications of nuclear energy.

A Chemical Benefiting from Missile and Exotic Fuel Activity

Chemicals have not been any market favorites generally, largely because of chagrin over du Pont's regular dividend declaration, where hopes for some better news were high. Olin Mathieson, however, came to life recently and has been able to stand its ground well since. It is the fourth of the chemical giants but is far more widely diversified than most others in the group or, for that matter, on the domestic scene generally. Much of the interest in Olin would seem to be because of its participation in missile work through half ownership of Reaction Motors and an interest in Marquardt Aircraft. On its own, it is active in the so-called "exotic" fuel business, high-energy compounds based on boron.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

William McGregor With Swift, Henke & Co.

(Special to The Financial Chronicle)

CHICAGO, Ill. — William J. McGregor, Jr. has become associated with Swift, Henke & Co., 135 South La Salle Street, members of the Midwest Stock Exchange. Mr. McGregor was formerly with Taylor, Rogers & Tracy and prior thereto with Glore, Forgan & Co.

From Washington Ahead of the News

By CARLISLE BARGERON

In the hectic lifetime of this correspondent, perhaps no more hectic than any other man's, but still hectic, I have seen my country in many dark periods, panics, depressions, recessions, wars and rumors of wars.

Carlisle Bargeron

Somehow I have managed, along with the rest of us to take them in stride. But our country is faced with a real problem now, one that challenges men's minds, particularly the politicians. One might say that no nation ever faced such a decision.

The question is seemingly whether we may get a surcease of the cold war through Harold Stassen. A surcease of the cold war is eminently wanted.

Maybe it won't come true, maybe we won't have to make a decision. But Harold Stassen fooling around over there in Europe, talking with this person and that person, and running back and forth between Europe and the United States and engaging Mr. Eisenhower with his plans, is confident that the end of the cold war is quite near.

It is not overstatement to say that "Ye Childe Harold" is about as unpopular among Washington politicians, in Congress, in the executive branch and out among the national and state chairmen of the country, as a man could possibly be. He is unpopular with everybody except Eisenhower, and that exception is manifestly important.

"Ye childe Harold" who was elected governor of the State of Minnesota at the age of 30 has always considered himself a youth leader. He still does. He had not a single thing to do with Eisenhower's nomination in 1952, he had no control over his own Minnesota delegation which was for Eisenhower but which would not let "Ye Childe" have the honor of delivering it. The politicians figured "Ye Childe" was washed up. But Mr. Eisenhower liked him, possibly because the politicians despised him, and he put him in charge of foreign aid.

It soon became apparent that if Mr. Eisenhower wanted any foreign aid he had better get rid of "Ye Childe," so he removed him and created the job of "secretary for peace." It has cost the taxpayers some money to take care of "Ye Childe" all these years.

As secretary for peace, "Ye Childe" decided to let peace hang in the balance for a few months last year while he tried to knock off Vice-President Nixon. Nixon enjoyed such unanimous support for the vice-presidency thereafter, as he had not theretofore enjoyed, and won handily.

As "secretary for peace," Secretary of State Dulles who claimed he was working for peace himself, complained a few months ago that "Ye Childe" was muddying up the works. Whereupon Mr. Eisenhower removed "Ye Childe" as an independent operator and made him subordinate to Dulles.

Not daunted in the slightest, "Ye Childe" has continued to go his way. Now he has aroused Mr. Eisenhower's imagination with a promise to accomplish something. "Ye Childe" reports that he believes the Russians are sincere and really want a rapproachement with us.

This burns our military up, interested as it is just at this time in getting a big appropriations on the grounds they are necessary for our security. One of the military, Admiral Radford, chief of the Joint Chiefs of Staff, sounded off with the warning statement that the Russians couldn't be trusted. Mr. Eisenhower squelched him and has sent "Ye Childe" back to Europe to see what he can do.

Steel Industry's Dividend Recipients at Record High

Steel Institute reports on rapidly expanding growth of stockholders in the iron and steel industry which, in the past two years alone, gained more than 117,000.

More people are receiving steel industry dividend checks than ever before, according to the American Iron and Steel Institute, May 21. This rapidly expanding industry has over 885,000 share owners—a gain of more than 117,000 in two years.

The rise in the number of stockholders has outraced the rise in workers—and it has slightly exceeded the expansion of ingot capacity during the past two years.

These facts are shown in the latest statistics of the Institute, covering operations of 52 iron and steel companies, representing 94% of the country's output of raw steel, as of Dec. 31, 1956.

While the shareowners were increasing 15% in 1955 and 1956, the ingot capacity of the companies was rising about 14%.

Exceeds Employees

The stockholder total — 885,861 at the end of 1956 — was about 61,000 higher than the average of 824,894 employees receiving pay from the companies during the year. Employment increased nearly 63,000 since 1954, but the 117,000 gain in the number of shareowners has been nearly double the rise in workers. Between 1935 and 1954, the employment figure predominated, year after year.

The employment statistics cited here are for the average monthly total of wage and salary employees, in non-steel producing activities as well as iron and steelmaking.

Twenty years ago the companies had only about 450,000 stockholders. The 600,000-mark was passed in 1949. The 700,000-mark was first exceeded in 1951. The total at the end of 1954 was 768,000 followed by 827,000 at the end of 1955.

These figures exclude the duplication of holders of more than one class of stock of a single company, but do not allow for the fact that some people own stock in more than one company.

Many more than 885,000 individuals have a beneficial interest in the iron and steel industry's preferred and common stocks. The benefits of ownership listed in the names of brokers, nominees, partnerships, and others—or by means of savings represented in equities of insurance companies investment trusts and other organizations—accrue to many more people than the stockholders of record.

Cruttenden, Podesta Admits New Partners

CHICAGO, Ill. — Cruttenden, Podesta & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges,


Ernest A. Mayer   Willis J. Meehan

announced the admission of Ernest A. Mayer and Willis J. Meehan as general partners in the firm, and Marjorie O. Stephens as a limited partner.

Mr. Mayer is Sales Manager of Cruttenden, Podesta, having joined the firm in 1953 as Assistant Sales Manager. He was formerly a partner in Dayton & Gernon.

Mr. Meehan is a member of the Midwest Stock Exchange. With his admission to partnership, Cruttenden, Podesta & Co. will have two partners on the floor of the Exchange.

Mrs. Stephens is the widow of Donald B. Stephens, a general partner at the time of his death on March 31.

A. C. Allyn Group Sells NY Shipbuilding Stock

Public offering of 191,660 shares of New York Shipbuilding Corp. common stock, comprising part of the 1,222,164 shares of the stock owned by Merritt-Chapman & Scott Corp., was made yesterday (May 29) by an underwriting group of investment bankers headed by A. C. Allyn and Co., Inc. The stock was priced at $37 per share.

Merritt-Chapman & Scott is selling the stock in order to realize a portion of its appreciated investment. After the sale it will continue to own 1,030,504 shares of New York Shipbuilding common stock, or approximately 80.5% of the outstanding issue.

New York Shipbuilding is one of the leading companies in the shipbuilding industry. In addition through an equipment division it manufactures and fabricates heavy machinery and, through a subsidiary, Highway Trailer Company, produces truck trailers, furniture vans and fluid carriers, and telephone and power line construction equipment.

Backlog of New York Shipbuilding on March 31, 1957, exclusive of its equipment and highway divisions, was about $275,000,000. The larger contracts on the books include an aircraft carrier, three guided missile destroyers, conversion of a cruiser, a submarine and several contracts for six tankers. In March, 1957 the company was apparent low bidder at approximately $110,000,000 for a sister ship of the superliner United States which is expected to be constructed for the United States Lines; this item is not included in the March 31 backlog figure because the formal awarding of a contract awaits appropriation of the necessary funds by Congress.

The management has recommended to the board of directors of New York Shipbuilding Corp. that the company pay dividends quarterly on its common stock, and an initial dividend of 35 cents per share was declared and paid on March 29, 1957.

Sales during 1957 totaled $66,577,000 and consolidated net income, before a special charge of $1,869,000 incurred on liquidation of the company's former household appliance and barrel manufacturing division, was $2,885,000, equal to $2.25 a share on the average number of common shares outstanding during the year.

Form Schenker & Co.

Adolph Schenker and Christian H. Hoobs, both members of the New York Stock Exchange, on June 1, will form Schenker & Co. with offices at 120 Broadway, New York City. Mr. Schenker has been active as an individual floor broker; Mr. Hoobs is retiring from McManus & Walker.

John H. Marshall

John H. Marshall of Thomson & McKinnon, passed away May 15.

Johnson, Lane, Space To Be NYSE Members

SAVANNAH, Ga.—Thomas M. Johnson will acquire a membership in the New York Stock Exchange and on June 6, Johnson, Lane, Space and Co., Inc., 101 East Bay Street, will become an Exchange member firm.

Officers are Mr. Johnson, President; Julian A. Space, Executive Vice-President; Hagood Clarke, Harrison Clarke, and Wiley J. Smity, Vice-Presidents; Allen Crawford, Vice-President and Secretary; Craig Barrow, Jr., Vice-President and Treasurer; Freeman N. Jelks, Vice-President and Assistant Treasurer; Joseph J. Slattery, George C. Kneller, and D. Hudson Boyd, James M. Mason, Carl E. Hill, J. Chappell Summers, and D. William Hindsman, Jr., Assistant Vice-Presidents; and David T. Johnson, Assistant Vice-President and Assistant Secretary.

With Sutro Bros.

Ben Sharp has become associated with Sutro Bros. & Co. in their office at 625 Madison Avenue, New York City.

With Whitney, Goadby

SOUTH CHATHAM, Mass.—James A. Thomas has become associated with H. N. Whitney, Goadby & Company, members of the New York Stock Exchange, as a registered representative.

With Coffin & Burr

(Special to The Financial Chronicle)

John Elliott Stewart has become associated with Coffin & Burr, Incorporated, 70 Pine Street, New York City.

James Love Co. Formed

SAN MATEO, Calif. — James Love is engaging in a securities business from offices at 460 South Ellsworth Avenue.

Md. Secs. Co. Opens

BALTIMORE, Md. — Maryland Securities Co. has been formed with offices at 1238 Greenmount Avenue to conduct a securities business. Morton Sandler is a principal of the firm.

Opportunity and Responsibility In a Vigorous and Free Economy

By PAUL W. McCRACKEN*
Member, Council of Economic Advisers

Economic Adviser McCracken sees in the years ahead an augmented demand for savings. Outlines four prerequisites to carry on our impressive real growth of the past 56 years: (1) need to encourage high savings-investment rate in the years ahead; (2) ameliorate business cycle instability; (3) stable purchasing power; and (4) vigorous, free enterprise system.

The subject of my comments is the old theme of opportunity and responsibility in a free economy. Most of us are familiar with the impressive opportunities which have been ours in a free economy. At the turn of the century, a private estimate has placed average earnings for wage earners in manufacturing at $435 per year. Last year, a little over a half-century later, weekly earnings of manufacturing workers were over $82.00. Therefore, in this half-century period, wages increased almost ten-fold. Since the price level roughly tripled during this period, the wages from an hour of work in 1956 apparently would buy about three times as much stuff as 56 years earlier.


Dr. P. W. McCracken

Better Income Distribution

Moreover, this dramatic improvement in levels of living has been very widely shared. In an appendix to the *Economic Report of the President* transmitted to the Congress in January you will find the manifold indications of this wide diffusion in our well-being. In the last nine years the number of home owners has increased 48%, and the proportion of families without their own household has declined 67%. In 1956, 81% of wired homes had television sets (3% in 1948); 96% had refrigerators (77% eight years earlier); 8.6 million homes had freezers (1.5 million in 1948). The facts are clear that there has been a great improvement in the material comforts of the American home in recent years and that these improvements have been widespread.

There has been a great increase in leisure-time activities. The number of weeks of vacation time has doubled during the last decade; the number of visitors to our national parks has more than doubled; and 37 million families now own automobiles to carry them to these (and other) places, compared with 23 million in 1948.

Nowhere is this diffusion of well-being more spectacularly dramatized than in provisions for financial security. Since the war, the number of life insurance policies in force has increased 50% and the average life insurance per family has more than doubled. The proportion of those in paid civilian employment covered by OASI last year was 85%, compared with 63% ten years ago, and the proportion of the work force covered by unemployment compensation during this period has increased one-third. In the last ten years the number of people protected by hospitalization insurance has almost tripled, and the number covered by other forms of medical insurance has grown even more markedly.

Such an improvement in levels of living widely shared does not just automatically happen. A quick look at the world today, a considerable proportion of whose population lives no better than their predecessors a generation or even a century or more ago, makes this dramatically clear. Therefore, a basic question is posed: What accounts for this remarkable and unusual record of improving material welfare in the United States?

Causal Growth Factors

This leads us to the responsibilities of a free economy which are ineluctably conjoined with the opportunities we enjoy. First, our rising levels of living depend importantly on the fact that the productive efforts of the American worker are greatly supplemented by a vast amount of complex productive capital and equipment. One man equipped with an earth mover can literally move a mountain, and the 10% of our work force on farms can produce an abundance of food for the entire population.

It follows, therefore, that we must have in this country careful regard for those factors which will encourage a continued high rate of savings and investment in the years ahead. Indeed, it is not inconceivable that the demand for savings in the years ahead may be augmented. Businesses are giving more attention to carefully organized programs for budgeting capital outlays, which ought to assure less volatility in these outlays, less wastage, and less danger that projects contributing to greater productivity and efficiency will be overlooked.

The continued strength and growth of these capital outlays in the postwar period has persistently confounded those expecting that our free competitive economic system was on the verge of running down. Since the war businesses have spent $268 billion on plant and equipment, and recent surveys indicate a record level for 1958 and a continued high level in the immediate years thereafter.

Second, it is important that we ameliorate the tendency toward instability which has characterized the American economy at some periods in the past, and particularly in the prewar decade. While it would be premature to assume that we have interred the old business cycle, major developments give grounds for confidence that the ranges within which these movements will occur have been substantially narrowed. This hope springs fully as much from major developments in planning and procedures within the business community as from a greater awareness that public monetary, fiscal, and other policies also have a contribution to make.

Preserving Price Level Stability

Third, there is a common and basic responsibility, only a part of which can be assumed by government, for assuring the American people that the value of the dollar will not exhibit a chronically declining trend in the years ahead. This is important for reasons of equity and morality, as well as for reasons of the basic vitality of the economic system itself.

Fourth, as I have thought about the spectacularly greater improvements in levels of living enjoyed by Americans, and the wide sharing of these improvements, I have come more and more to the conclusion that the explanation for this record lies basically in the fact that we have utilized a free competitive economic system to organize our economic activities. Such a system inherently carries with it the capacity to galvanize those forces which work toward a growth in output and a diffusion of the improved levels of living thereby made possible throughout the whole of society. There is, therefore, no greater responsibility in the economic sphere which Americans must assume than the responsibility to see to it that policies and programs seemingly appropriate to deal with specific problems are also consistent with maintaining the vitality and vigor of the economic system itself.

*Digest of remarks by Dr. McCracken at the 27th School of Business Administration Alumni Conference, University of Michigan, Ann Arbor, Mich., May 11, 1957.

First Boston Group Offers National Fuel Gas 5½% Debentures

The First Boston Corp. and associates offered publicly yesterday (May 29) an issue of $15,000,000 National Fuel Gas Co. 5½% sinking fund debentures, due 1982, at a price of 101.363% to yield 5.40%. The group was awarded the issue at competitive bidding on May 28 at 100.16%.

A part of the proceeds from the sale of the debentures will be used to prepay outstanding bank loans of $11,100,000, and the balance, together with the proceeds of new bank loans of not more than $10,000,000, will be available for the repayment of bank loans of certain of the company's subsidiaries and for the 1957 expansion program of the subsidiaries.

The debentures are redeemable at the option of the company at general redemption prices ranging from 106.87% for those redeemed prior to May 31, 1958, to 100% for those redeemed on or after June 1, 1981; and at special redemption prices ranging from 101.25% for the period, Jan. 1 to May 31, 1962, to 100% for those redeemed on or after June 1, 1981.

National Fuel Gas Co. is a public utility holding company, having three public utilities and six non-utility companies as subsidiaries. The properties of these subsidiaries constitute an integrated system used in the production, purchase, storage and transmission of both natural and manufactured gas. The public utility subsidiaries also sell gas-burning equipment and appliances.

Total operating revenues of the company amounted to $81,055,000 during 1956 and net income to $8,064,000, compared with total operating revenues of $72,454,000 and net income of $6,599,000 in 1955.

Clarence Ostema Joins Cruttenden, Podesta Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Clarence W. Ostema has become associated with Cruttenden, Podesta & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Ostema was formerly an officer of the Philadelphia Securities Company Inc. of Philadelphia.

F. E. Davenport Opens

PITMAN, N. J. — Francis E. Davenport is conducting a securities business from offices at 511 Ardmore Avenue.

Samuel E. Login

Samuel Elias Login passed away May 19th at the age of 51. He had been associated with Ungerleider & Co. for the past 18 years.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

First National City Bank

First National City Bank of New York has just announced an issue of new stock. Its shareholders will be given rights to subscribe at $60 a share for one new for each five shares now held. The financing will involve 2,000,000 new shares to be added to City's present 10,000,000 outstanding, and it will add $120,000,000 to the bank's capital funds.

This will be the third time since 1951 that the management has offered new stock: in that year 1,000,000 new shares were sold at $40; and in 1954, 2,500,000 shares were taken up via rights at $52.50 a share. In all, in this period, National City has obtained new money by subscription rights in the sum of $291,250,000, making it the most heavily capitalized bank in New York. In addition, in 1953, a stock dividend of one new for 24 held was paid to the holders.

Thus, First National City appears, as usual, to be forehanded, and alert to changing conditions not alone in its own sphere, but in the general economy. Taken by itself this quest by First National City for new money would be just another capital increase, of which in recent years we have had many in the banking field. But, while City has not tied-in the move with its proposed, or, more correctly, its purposed, step to set up a bank holding company with this sale of new stock, there seems to be but little doubt that the two actions complement each other.

After Congress enacted the Federal bank holding company law, City applied to the Federal Reserve Board for permission to set up a bank holding company. The intention was to use this holding company to acquire the stocks of First National City Bank and County Trust of White Plains. It has been assumed in some quarters that this would be a nucleus and that other units would be added as time passed.

But the Banking Department of New York State stepped in and objected to the formation of the holding company. One objection raised was that too many State-chartered banks were switching to national charters, this argument ignoring the fact that of all the banks in Manhattan, only two, one of them relatively small, had national charters. Only First National City rates as a large national bank in Manhattan. Only recently another large one, Chase National Bank, upon merging with Bank of Manhattan, gave up its national charter and adopted Manhattan's State charter.

It is somewhat difficult to understand why New York State objects to the organization of the holding company, as the latter would be set up under the Federal Bank Holding Company Act of 1956, and so is entirely outside the jurisdiction of New York State. But the New York legislature recently passed a bill the effect of which was to impose a "freeze" on bank holding company expansions across the banking district lines set up by New York State.

As First National City Bank happens to be in one district established for State banks, and County Trust Company in another, New York State officials apparently feel that this, under the "freeze" act, is a bar to the organization of the First New York Corporation, the holding company planned by City.

The really important point thus becomes one of whether New York State's legislative action can influence that of the Federal Reserve Board in a case in which, apparently, City has fulfilled all of the Federal law's requirements. Indeed, the Federal Comptroller of the Currency, who, under the new law is consulted, has advanced no objection to the organization of the holding company. The Federal Reserve Board has made several postponements at the instance of both the New York State Banking Department and of the Board's counsel.

Should it not appear to the public to be odd that members of the same political party who are for a strong central governmental economy, are, in this case, reversing themselves and are attempting to enforce a "right" of t e State that may not be a right at all. Why should not County Trust Company shift to a national charter? The entire move will then involve national organizations only. It is to be hoped that the City move will be pressed.

Haig & McDermott With J. F. Reilly & Co.

JERSEY CITY, N. J. — J. F. Reilly & Co., Inc., 1 Exchange Place, announce that Al A. Haig and Frank J. McDermott have joined the firm's trading department. Mr. Haig was formerly with Amos Treat & Co., Inc.

Goodbody Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ORLANDO, Fla. — James W. Knight is now affiliated with Goodbody & Co., 127 North Main Street. He was formerly with King Merritt & Co., Inc.

With R. F. Campeau Co.

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla.— Barnard C. Malloy has been added to the staff of R. F. Campeau Company, 110 Second Avenue, North.

Joins F. S. Moseley

(Special to THE FINANCIAL CHRONICLE)

LEWISTON, Maine — Raymond H. Cole is with F. S. Moseley & Co., 110 Pettengeill Street.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market continues to reflect not only the tight money conditions, but also the lack of attraction as far as the longer-term issues and the capital market is concerned. There appears to be too much of a rush in putting out new issues of corporate and tax-exempt bonds, a fact evidenced in the present sharp case of indigestion in the non-Government market. The fact that syndicates have been terminated in the corporate market, and these issues have sold well below the offering price, and tax-exempt new offerings have not gone well, seems to bear out the opinion that the new issue market is being crowded somewhat to say the least.

The short-term sector of the Government market is still reflecting the needs of the Treasury because it is believed this is the area in which the new money needs of the Government will be obtained in the foreseeable future. It is reported that savings bond holders continue to get cash which, according to advices, is going into non-Government bonds and to a lesser extent into common stocks.

Demand for Capital Remains Strong

The demands for long-term funds continue to be as large as ever, and there are no indications yet of any let-up in these requirements. Corporate and municipal offerings are coming into the market in sizable amounts, even though some of the recent flotations have not gone well and syndicates had to be dissolved, and prices broke far below the offering level. Because certain buyers (as well as prospective ones) of non-Government bonds are desirous of taking advantage of the higher coupons which are available in new corporate bonds, there is more of a tendency now to move out of Government bonds, provided there is protection through the call price or refunding feature of the new issues. This development has had a favorable influence on the price and yield at which the corporate bonds are being offered, since the bonds which are not callable for a period of years, or are not refundable for an extended period of time, are being offered at higher yields than those issues that do not have this protection.

It is reported that institutional holders of Government bonds are willing to take losses in these obligations, provided the bonds in which the money is reinvested have a call feature which allows them to keep the new investment long enough so that the losses which have been taken will be made up.

Markets for Government Bonds Dull

Accordingly, it seems as though further pressure is being put on the long-term Government market because of this switching from Governments into corporate bonds. The market for the most distant Governments has been very thin for some time now and, aside from certain pension funds which have no other alternative but to put their money into these issues, there have not been very many buyers of Treasury bonds. This apathy stems from the fact that Governments are not yet at levels which make them competitive with corporate and tax-exempt securities.

There was, according to advices, orders in the market recently for the Government 3s and 3¼s and, although they were not too sizable when compared with the former breadth of the long Government market, they were not to be taken too lightly in the present restricted one. It was reported, however, that no difficulty was encountered in taking care of this demand for the two longest maturities in the Government list.

Borrowing for June 15 Tax Payments Impends

Another round of tax borrowing is just around the corner, since it is expected that corporations and others will again be making loans in order to meet June 15 income tax payments. There seems to be considerable diversity of opinion as to how much these borrowings will amount to. Some money market specialists believe that the volume of these loans will follow the pattern of last March, and will be smaller than those of June, 1956. On the other hand, there are those who are of the opinion that, because of the restrictive policy of the monetary authorities, and even with a minor lessening in the demand for tax loans, there could be a severe credit squeeze in June.

Treasury to Borrow New Money in July

The Treasury announced that the 119-day tax anticipation bills were sold at an average yield of 2.824%. In December of last year the Treasury paid 2.585% for $1 billion of 95-day tax anticipation bills. It is expected that this new money borrowing will carry the Government through this fiscal year which ends June 30. Additional new funds of between $3 billion and $4 billion will most likely be borrowed by the Treasury in July.

It is believed in some quarters that the last issue of tax anticipation bills would have gone at a lower rate if the commercial banks were of the opinion that the Government deposits created by this borrowing would have remained with them for a long enough period to make it worth while. Because the Government is really pressed for funds this time, and these deposits could be withdrawn very rapidly, not a few deposit banks were not inclined to be bidders for the 119-day bills.

With Goodbody Co.

(Special to THE FINANCIAL CHRONICLE)

WARRINGTON, Fla.—James C. Noice is now affiliated with Goodbody & Co. He was formerly with Nolting, Nichol & Co. of Pensacola.

Alm, Kane Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—James G. Currie has become connected with Alm, Kane, Rogers & Co., 39 South La Salle Street. He was formerly with Barclay Investment Co.

E. M. Joyce Opens

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Edward M. Joyce is conducting a securities business from offices at 10 Tremont Street. He was formerly with B. C. Morton & Co.

Joins George Patten

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oregon — Richard H. Lange is now connected with George Patten Investment Co., American Bank Building.

Honoring the Steel Industry With Commemorative Stamp Issue

By ARTHUR E. SUMMERFIELD*
Postmaster General of United States

Post Office Department honors the steel industry's 100th anniversary with the issuance of a commemorative stamp. Postmaster General Summerfield stresses the paralled growth of America and the steel industry.

In the feeble industrial era of the mid nineteenth century a convertor for manufacturing steel through decarbonization of molten pig iron by means of air blasts was developed—and the miracle of the modern age of abundant and low-cost steel had begun.


A. E. Summerfield

Since then the steel industry of the United States has produced over three billion tons and since 1890 our nation has led the world in the production of steel.

In the century since 1857 steel has supplied us with an ever-widening range of products for the home, for the farm and for industry, which have deeply enriched our lives in countless ways so that our living standards are the highest in known history.

Steel has also made us strong, capable of successfully waging two world wars and providing us today with the armed strength to keep the peace in a troubled world.

Bedrock of the Economy

This great and pioneering industry is truly the bedrock of our industrial system. The contributions it makes to our social progress, our economic well-being, the comforts of our daily lives, are too extensive to mention here except by this passing reference.

The expansion of this great nation's economy and the prosperity it brings with it are hallmarks of our times.

They are also hallmarks of the men of courage and vision who were and are willing to take intelligent calculated risks; the men who knew and know the relationships between production and consumption, based on economic laws and on raw materials and technical processes.

Commemorative Stamp

The Post Office Department is pleased to honor the steel industry and a group of its leaders by the issuance of this beautiful commemorative stamp on this, the 100th anniversary of America's Age of Steel.

The design selected by the Post Office Department for the steel industry stamp shows a pouring ladle long symbolic of the steel industry and an American eagle with outspread wings representing America. Across the upper half of the blue stamp are the words "America and Steel Growing Together," emphasizing the fact that the growth of America and the growth of the steel industry have paralleled one another.

As I have said before the postage stamps of a nation are a picture gallery of its glories. They show, in miniature, its famous men and women, the great events of its history, its natural wonders, its industries.

This stamp honoring the Steel industry will be widely used by our citizens. One hundred and twenty million have been printed and distributed and after first day sales here in New York, they will be on sale tomorrow in the 38,000 post offices of the nation.

In conclusion, I now have the privilege of accepting this first album of commemorative Steel Industry stamps for President Dwight D. Eisenhower. I shall deliver it personally to him at the White House with your best wishes upon my return to Washington.

The second album is for another great American, a great leader of the steel industry, Mr. Benjamin F. Fairless, President, American Iron and Steel Institute.

Similar autographed albums of these stamps are being presented to a group of the officials of American Iron and Steel Institute, and other industry leaders.

Finally, a commemorative album is being presented to Mr. Anthony Petrucelli, the distinguished artist who designed this beautiful stamp.

*A talk by Mr. Summerfield before the American Iron & Steel Institute, New York City, May 22, 1957.

Nicholas Crane Pres. Of New York Analysts

Nicholas E. Crane was elected President of The New York Society of Security Analysts, Inc. at its annual meeting. He is Manager of the research department of Dean Witter & Company's New York office. Mr. Crane succeeds W. Sturgis Macomber of Reynolds & Co. Ralph A. Rotnem, in charge of research for Harris Upham & Co., was elected Vice-President succeeding Mr. Crane. Also elected were Lawrence R. Kahn, Secretary, and Edward S. Wilson, Treasurer.


Nicholas E. Crane

Elected to the executive committee were Stephen L. Joseph, Nicholas F. Novak, Gerald L. Wilstead, Ralph Wm. Michaud and George F. H. Nelson.

Mr. Crane has been Manager of the Research Department of Dean Witter & Co. for the last 20 years. He is also a lecturer at New York University.

Joins Ginther Staff

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Mrs. Helen S. McGreevy has become affiliated with Ginther & Company, Union Commerce Building. Mrs. McGreevy was previously with L. B. Schwinn & Co.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Walter F. Silbersack, President of American Home Products Corporation, has been elected a Director of the **Grace National Bank of New York.**

Walter F. Silbersack

Mr. Silbersack has been associated with American Home Products since 1927 when this company acquired A. S. Boyle Company, Cincinnati, of which he was President. He was named a Vice-President at the time.

He became Executive Vice-President in 1943 and President in October, 1945. He is also a Director.

* * *

Joseph A. Grazier, President and Director of American Radiator & Standard Sanitary Corporation, was appointed a Director of **The First National City Bank of New York** at the Board meeting May 28.

He succeeds Amory Houghton, Chairman of the Board, Corning Glass Works, who resigned as a Director of the bank upon appointment as American Ambassador to France.

Mr. Grazier was born in Tyrone, Penn. He was graduated from Lafayette College in 1925, received an LLB degree from the University of Pennsylvania in 1928, and the honorary degree of Doctor of Humane Letters at Lafayette in 1956.

He was an associate of the law firm of Sullivan & Cromwell from 1928 to 1937 when he joined American-Standard in the office of the Secretary and Treasurer. He was named Assistant Secretary in 1939, and was elected Secretary in 1947. He was elected Vice-President and Secretary in 1951, and was named Executive Vice-President, a Director of the corporation, and a member of the executive committee in 1952.

Mr. Grazier became acting President of American-Standard in June, 1953, and President in October, 1953.

He is a Director of the Johns-Mansville Corporation, a Director and Chairman of the Finance Committee of the American Council to Improve Our Neighborhoods, a Trustee of Lafayette College, and a member of the Bar Association of the City of New York.

* * *

Gardiner S. Robinson was elected a Vice-President of the **Bankers Trust Company, New York,** it was announced on May 28. Mr. Robinson, formerly an Assistant Vice-President, joined the bank in 1945. He has been with the bank's office at 5th Avenue and East 44th Street for the last six years.

* * *

Charles D. Hilles, Jr., Executive Vice-President and Director of International Telephone and Telegraph Corporation has been elected a Director of **The New York Trust Company,** it was announced on May 22 by Adrian M. Massie, Chairman of the Board and Hulbert S. Aldrich, President.

* * *

The Dime Club, composed of 575 officers and employees of **The Dime Savings Bank of Brooklyn, N. Y.** has elected the following officers for the coming year: Warren C. Marquardt, President; Stanley E. Huys, Vice-President; Mary T. Donnelly, Secretary; Howard W. Pollock, Treasurer.

The club was formed in 1933 by a group of employees to further social relationships among the bank's personnel.

* * *

The Brooklyn Savings Bank, Brooklyn, N. Y. has announced the election of George J. Bender as President. Mr. Bender, formerly a Vice-President, succeeds Gilbert C. Barrett, President since 1947, who was elected Chairman.

Mr. Bender joined the bank in 1945, and was elected a Vice-President in 1947 and a Trustee in 1953. Mr. Barrett joined the Bank in 1911 and was elected a Trustee in 1941.

* * *

Percy C. Magnus has been elected a Trustee of the **Kings County Trust Company, Brooklyn, New York.**

* * *

Three new members were welcomed to **The County Trust Company's Quarter Century Club, White Plains, N. Y.,** at the organization's sixth annual dinner meeting held May 28.

The new members are: J. A. Nathans, Jr., Kirby J. Schall, and James E. Dempsey.

Mr. Nathans is Vice-President in charge of the bank's personal credit department, Mr. Schall is an Assistant Treasurer in charge of the County Center, White Plains, office and Mr. Dempsey is a member of the Board of Directors. With the addition of the new members, total club membership stands at 101.

Elected to serve as club officers for the coming year were: Clark E. Dixon, who replaces Isaac Carpenter, Jr., as President; Charles G. Sposato, who replaces Mr. Dixon as Vice-President; and Louise M. Mitchell, who replaces Mrs. Marion Neubauer, as Secretary.

Harry Klingler and F. Stanley Schaefer, were elected to the Executive Committee. They replace George Marron, and Caroline Fournier.

* * *

Robert M. Martindale, has been appointed advertising manager of the **Marine Midland Trust Co. of Central New York.**

Arthur B. Ziegler, who had been advertising manager since 1952, will soon join the Marine Midland Corporation with offices in Buffalo. Until that time, Mr. Ziegler will continue as Assistant Secretary and Officer in charge of advertising.

Mr. Martindale, joined the **Syracuse Marine Midland Bank** in June, 1956, as public relations representative.

* * *

The Northville Bank, Northville, New York has filed with the New York State Banking Department a copy of the final court order granted on May 10 declaring the Bank dissolved and its corporate existance terminated.

* * *

"The Connecticut National Bank, Bridgeport," Bridgeport, Conn., with common stock of $4,180,000; and **The Waterbury Trust Company, Waterbury, Conn.,** with common stock of $400,000 merged, as of the close of business May 10. The consolidation was effected under the charter and title of "The Connecticut National Bank, Bridgeport."

At the effective date of consolidation the consolidated Bank will have capital stock of $4,780,000, divided into 956,000 shares of common stock of the par value of $5 each; surplus of $6,640,000; and undivided profits of not less than $1,591,571.

* * *

Edward J. Feeney, Assistant Vice-President of the **First National Bank and Trust Company of Paterson, N. J.** died on May 21 at the age of 56.

Mr. Feeney was hired as a messenger by the **Paterson National Bank** in 1918 and was appointed to the post he held at his death in 1947, after the merger of the National Bank with the First National Bank and Trust Company.

* * *

The United States Savings Bank, Newark, N. J., the **Franklin Savings Institution, Newark, N. J.** and the **Half Dime Savings Bank of Orange, N. J.** have announced plans to merge subject to the approval of the New Jersey Banking and Insurance Commission and the Federal Deposit Insurance Corp. If the plans are approved the Bank's title would be the United States Savings Bank with assets of more than $132,000,000 and would be the second largest in the State.

* * *

Five changes to be made effective June 1 in **The Philadelphia National Bank, Philadelphia, Pa.** top level organization were disclosed on May 24 by Frederic A. Potts, President.

John McDowell, Senior Vice-President was elected to the newly created post of Executive Vice-President responsible for the general administration of the banking and operating divisions of the Bank.

E. Lawrence Worstall, Vice-President in charge of Philadelphia National Branch Administration Division was elected Senior Vice-President responsible for both the commercial and retail banking divisions.

G. Edward Cooper, Vice-President and Cashier was also elected Senior Vice-President responsible for operations and for the coordination of service divisions of the Bank.

Harold W. Wallgren, Vice-President, succeeds Mr. Cooper as Vice-President and Cashier.

Wistar H. MacLaren, Comptroller was promoted to the rank of Vice-President and Comptroller.

* * *

Carl B. Metzger, President of the National Bank of Narberth, Pennsylvania and Geoffrey S. Smith, President of **Girard Trust Corn Exchange Bank, Philadelphia, Pa.** on May 24 jointly issued the following statement:

A proposal of merger of the National Bank of Narberth and the Girard Trust Corn Exchange Bank has been informally approved by the Boards of Directors of both banks.

It is proposed that the shareholders of Narberth will receive 3½ shares of Girard Trust Corn Exchange stock for each share of Narberth stock.

A formal plan of merger is now being prepared by counsel for official action by both boards to be submitted to the shareholders of both banks for their approval as well as to the state and Federal regulatory authorities.

All officers and employees of the Narberth Bank will become members of the staff of the Girard Trust Corn Exchange.

The Board of Directors of the Narberth Bank will serve as an Advisory Board with Carl B. Metzger as its Chairman.

Carl B. Metzger, Jr., will continue in charge of all three offices of the Narberth Bank as Vice-President—Narberth Division, on the staff of Girard Trust Corn Exchange.

* * *

Frank R. Marks of Richmond has been elected Assistant Cashier of **The Bank of Henrico, Sandston, Va.** effective June 1, it was announced on May 23 by T. G. Layfield, Jr., Bank President. Mr. Marks has been serving as Assistant Cashier with The Bank of Virginia's South Richmond office at Richmond, and resigned from that Bank to accept the new position.

Mr. Marks began his banking experience with The Bank of Virginia in January, 1946, in the transit department and subsequently served as loan and discount teller in the Main office. In January, 1949, he was transferred to the South Richmond office as Supervisor of Operations. In January, 1951, he was elected Assistant Cashier.

* * *

Promotion of S. Ray Lewis to Assistant Secretary of the **Ohio Citizens Trust Company, Toledo, Ohio,** in charge of the real estate department has been announced by Willard I. Webb, Jr., President.

Mr. Lewis, who first joined the Bank in 1933, will direct an expanded department in which the real estate operations of all branches as well as the main office have been consolidated. He will also handle investment properties and other real estate for the trust department.

* * *

The United States National Bank of Omaha, Neb., announces the election of Dennis J. Cortney to Assistant Trust Officer. Mr. Cortney joined the Bank's Trust Department in July, 1956.

* * *

Russell F. Greenleaf, Vice-President of the **Lindell Trust Company, St. Louis, Mo.,** has been appointed to the Bank's six-man advisory board, it was announced.

Mr. Greenleaf has been associated with the bank since 1945.

* * *

The Peoples National Bank of Shelbyville, Tenn., increased its common capital stock from $100,000 to $200,000 by a stock dividend effective May 15. (10,000 shares, par value $20.)

* * *

The South Carolina National Bank of Charleston, S. C., with common stock of $3,000,000, and **The First National Bank of Greenville, Greenville, S. C.,** with common stock of $500,000 consolidated as of the close of business May 15. The consolidation was effected under the charter and title of "The South Carolina National Bank of Charleston."

At the effective date of consolidation the consolidated Bank will have capital stock of $3,650,000, divided into 365,000 shares of common stock of the par value of $10 each; surplus of $8,000,000; and undivided profits of not less than $2,157,952.

* * *

The common capital stock of **The Peoples National Bank of Greenville, S. C.,** was increased from $500,000 to $600,000 by sale of new stock effective May 14.

* * *

A charter was issued on May 15 by the office of the Comptroller of the Currency to the **Lockwood National Bank of Houston, Houston-Harris County, Texas.** The President is Arthur F. Hoehn and the Cashier is T. R. Burridge. The Bank has a capital of $300,000 and a surplus of $420,000.

* * *

The National Park Bank in Livingston, Livingston, Mont. changed its title to **The First National Park Bank in Livingston,** effective May 15.

* * *

California Bank, Los Angeles, Calif. and **The Mariners Bank, Newport Beach, Calif.** have reached an agreement whereby the two offices of The Mariners Bank will be merged with and operated as offices of California Bank.

Plans for the proposed merger were revealed in a joint statement by Frank L. King, President of California Bank, and Edgar R. Hill, President of The Mariners Bank.

The Mariners Bank operates a branch office in San Clemente, Calif.

The agreement has been approved by the boards of directors of both banks and, subject to the approval of shareholders, is expected to take place about July 1.

There will be no changes in personnel of The Mariners Bank, Mr. King said. Edgar R. Hill, President of The Mariners Bank, and Joseph C. Steelman, Executive Vice-President, will become Vice-Presidents of California Bank. Theo. Wallington, Assistant Vice-President and Manager, will continue in that capacity at the San Clemente Office.

The Mariners Bank has resources of more than $7,000,000. California Bank, with 60 offices in Southern California, has resources in excess of $950,000,000.

* * *

Cyril Bennett, retired banker died on May 25 at his home in Pasadena, Calif. He was 65 years old.

Mr. Bennett was President of the **First Trust and Savings Bank of Pasadena, Calif.,** for 16 years until his retirement a year ago.

* * *

The appointment of Cesar A. Calderon as a Director of the **Government Development Bank for Puerto Rico** was announced on May 24. The appointment was made by Governor Luis Munoz Marin.

Mr. Calderon succeeds the late Agripino Roig as a Director of the Bank.

* * *

A new agency office of the **Banco de Ponce, Puerto Rico,** was opened on May 23 at 2112 Third Avenue, New York City, it was announced by Ugo J. Lisi, Vice-President and agent in New York.

* * *

The National Bank of India Limited, London, England, opened a branch on May 15 at Gulu, Uganda.

E. I. Becker V.-P. of Blair & Co., Inc.

Blair & Co. Inc., 20 Broad Street, New York City, members of the New York Stock Exchange and other principal exchanges, has announced that Edward I. Becker has joined their firm as a Vice-President and Director. Mr. Becker will be in charge of all corporate stock and bond trading with particular emphasis on over-the-counter operations, and will coordinate the trading activities in the New York and branch offices.

Edward I. Becker

A member of the Security Traders Association of New York and the National Security Traders Association, he was previously with Reynolds & Co. since 1934 and on withdrawing from that firm was Manager of the Trading Department.

With Jaffe, Lewis

(Special to The Financial Chronicle)

CLEVELAND, Ohio — Richard Weiskopf has become connected with Jaffe, Lewis & Co., 1706 Euclid Avenue, members of the Midwest Stock Exchange.

Joseph E. Monteith

Joseph E. Monteith, a member of the American Stock Exchange, passed away May 10th.

Continued from page 6

What's Ahead for Business And the Banking Industry

increase took place at the rate of 6% last year, where there is reason to expect that we enjoyed a productivity gain not appreciably in excess of 3%. This in part was inflation produced.

The second very important cause of the inflation of 3.6% from March, 1956 to March, 1957 was the growth in expenditures for new plant and equipment by business since 1955. In that year these expenditures were at the then record-breaking total of $28.7 billion. By the first quarter of this year this level was $36.9 billion or up by $8.2 billion. This increase at a rate above 28% was the greatest rate of increase we have ever enjoyed in such a period of time.

The economic and price effects of such an increase in outlays for new plant and equipment—this is to some extent deficit spending by the private sectors of the economy—are two-fold:

(1) To the extent that banks extended credit to meet the needs of businesses which properly expect such needs to be met, there was some expansion in the money supply. This was mildly inflationary and the public's more rapid use of money meant a higher velocity of circulation of bank deposits which is also inflationary.

(2) If funds are paid out for new plant construction, incomes of a high wage-earning class are enlarged. This is spending power. In 1950 such spending power was greatly enlarged and, naturally enough, given an understanding of the period of gestation of capital goods, the supply of goods flowing from increased plant facilities built in 1956 will not make their appearance until 1957 and even later.

III

Forces Checking Inflation

Happily, several forces are operating to administer a check to the rising prices of the last 12 months, which produced an inflation of 3.6% in that period.

The first force is that the supplies of goods will now pour forth in increased measure, whereas the rate of increase in expenditures for new plant and equipment this year will probably not exceed 8% whereas in the preceding period this rate of increase was 28%.

The second force restraining inflation is the increase in personal savings. This in the third quarter of last year resulted in the annual savings rate being increased by $5½ billion from the similar period in 1955. In the first quarter of 1957 the increase was less but a full 10% above the personal savings rate a year earlier. Along with this there is the lesser rate of increase in use of consumer installment credit and the increased rate of repayment of such credit. Consumer installment credit extended increased by $5½ billion in 1955, but only by $2½ billion in 1956. The increase will no doubt be about $1½ billion in 1957. This, in 1957, is the result of the punctual repayment of the high amount of instalment credit used in 1955 in comparison with the lesser rate of such borrowings in 1957. Thus has consumer installment credit receded as a worrisome economic problem.

A third force reducing the pressure toward inflation is the automatic increase in savings represented by gross depreciation reserves. Here the increase in such reserves available to finance the new gross investment in plant facilities by business is $2½ billion a year roundly. Finally there can still be expectation that the Federal budget will produce a modestly enlarged surplus, available via payment of Federal obligations, to the banking system for financing of business in 1957 and 1958. Thus a final third form of enlarged saving.

Inflation Will Be Controlled

Thus the forces which have worked toward inflation should mitigate themselves by mid-year of this year, 1957. The mixed and narrowing corporate profit margins and the lack of "political causes" should restrain wage increases this year to a neater proportion to productivity increases.

Thus the outlook is that inflation will be brought under control. Other factors reinforcing this view are those measures which record a general lull in business at the present time. New orders of manufacturers continue to decline. And these new orders are generally above sales, causing unfilled orders to decline. The advance in GNP in the first quarter of this year was greatly slowed down from the preceding two and one-half years and this was true for retail sales as well as gross national production. Automobile sales are less than 2% above a year ago and industrial production has not risen since last October. Steel production is down and the prices of heavy melting steel scrap and copper are down much more. Housing starts are at their lowest in eight years, the current annual rate being 880,000. Wholesale prices now have been flat for more than three months.

IV

Inventory Liquidation

We now turn to factors which might mar this optimistic business and banking outlook for the next 12 months and the next 10 years. The first of these is **inventory liquidation.** We have had two such "inventory decline" depressions, one in 1949 under a Democrat administration and one in 1954 under Republican Administration. Both were well managed and well offset by policies promoting economic expansion. As a result of smart policies, the earlier multiplier of economic decline — the multiplier which doubles a decline in primary (investment) expenditure by bringing about a further like additional decline in consumer (consumption) expenditure—which had a value in practice and in theory of 2.00 in most depressions prior to 1949, has been cut down to less than a third of that size in these two periods of recession, 1949 and 1945.

Thus inventory recessions have been modest in character. It is worth noting that inventory accumulation at the annual rate of slightly more than $4 billion in the final quarter of 1956 was reduced to zero in the first quarter of 1957. Thus we are absorbing a reduction in investment in inventory at this very moment and, happily without prospect that it will lead to any serious economic recession.

Lag in Capital Outlays

The second cause of potential economic disturbance to our projected one-year and ten-year economic growth is **the failure of capital investment.** Here the immense shortage of labor, today's high wages, combined with an immense investment by business in research and development augurs well that capital will be strongly maintained in the period through 1967.

The third cause of all of our most serious and even devastating economic depressions has been **the collapse of the money supply.**

This has occurred six times within a 60-year period from 1873 to 1933. It will not occur, however, in the period forecast ahead to 1967 because of the high liquidity of the banking system—a liquidity which today is more than double the liquidity ratios of the 1920's. Moreover, bank liquidity today is highest in our western agricultural areas where bank troubles have been most intense in past depression periods. Thus we have highest protection where liquidity protection is most needed.

V

Sees No Decline in Interest Rates

A quick look should be taken at future interest rate levels and the current tightness of money.

In May, 1953, when inflation was also threatening, money was made tight by the extension of reserves by the Federal Reserve System but these reserves were extended "with strings attached." That means they were "borrowed reserves." Banks had in May, 1953, borrowed $1.4 billion of their required reserves.

Then came the truce in Korea. Defense expenditures were soon cut by more than $10 billion and investment in inventory and in tools was cut by more than a second $10 billion. **Within six weeks** Federal Reserve policy was so completely reversed that the banks now, by the new turn in Federal Reserve policy, were provided with $2.5 billion of increased "free reserves." With these free reserves so provided, the $1.4 billion of borrowings from the Federal Reserve System was repaid. This left sufficient remaining excess reserves to finance the economic expansion we have noted in 1954 and 1955. Within a year the long-term U. S. securities which had sold below 90 were selling at 103. Thus U. S. securities also became available reserves again.

The final word is with respect to interest rates. The positive or demand side of interest rates is found **in the rate of invention, innovation, development and research for further improvement in productive methods and in productive machines and equipment.** This rate of innovation bids fair to remain high for the full ten-year period to 1967. I see no appreciable lessening in the demand for capital and consequently no decline in the rate of interest.

This tells us that we have a job to do on the supply side and that job is to seek in every fair way to enlarge depreciation reserves for industry, to enlarge retained earnings for corporations, and to increase in every way, especially with workers' retirement funds, the stream of savings which is large and which needs to be larger to finance this more bright ten-year future without the threat of inflation.

R. B. Sideckas Opens

(Special to The Financial Chronicle)

SHREWSBURY, Mass. — Raymond B. Sideckas is engaging in a securities business from offices at 47 North Quinsigamond Avenue under the firm name of R. B. Sideckas & Co. He was formerly with Keller & Co.

Chace, Whiteside Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Charles E. Clapp Jr. has been added to the staff of Chace, Whiteside, West & Winslow, Inc., 24 Federal Street, members of the Boston Stock Exchange. He was previously with Keller Bros. & Co., Inc.

Vercoe Adds to Staff

(Special to The Financial Chronicle)

COLUMBUS, Ohio—Robert H. Jolliffe has been added to the staff of Vercoe & Co., Huntington Bank Building, members of the New York and Pittsburgh Stock Exchanges.

Halsey, Stuart Group Offers Utility Bonds

Halsey, Stuart & Co. Inc. and associates offered yesterday (May 29) $3,000,000 of Community Public Service Co. first mortgage bonds, series E, 5⅜%, due June 1, 1987, at 101.875% and accrued interest, to yield approximately 5.25%. The underwriters won award of the bonds at competitive sale May 28 on a bid of 100.14%.

Net proceeds from the financing will be used by the company to pay bank loans, incurred in connection with the construction program, and the balance of the proceeds will be used for construction now in progress.

The new bonds will be redeemable at regular redemption prices receding from 106.88% to par, and at special redemption prices ranging from 101.875% to par, plus accrued interest in each case.

Community Public Service Co. is engaged in the electric light and power and gas businesses wholly within the State of Texas and New Mexico, and incidental to its electric and gas businesses sells appliances. Territory served by the company with electricity covers 67 incorporated towns in Texas and nine incorporated towns in New Mexico and adjacent rural areas, with an estimated population of about 224,000. Towns served with natural gas are all in West Texas and have an estimated population of 25,750.

Total operating revenues of the company for the year 1956 aggregated $11,427,202 and net income amounted to $1,497,109.

Associates in the offering are: Shearson, Hammill & Co.; Stroud & Co., Inc.; Thomas & Co.

With Central States

(Special to The Financial Chronicle)

MANSFIELD, Ohio—Mrs. Ruth B. Niss is now associated with Central States Investment Co., 271 Poplar. Mrs. Niss was previously with Livingston, Williams & Co. of Cleveland.

Eastman Dillon Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Ralph E. Rollins, Jr. has become connected with Eastman Dillon, Union Securities & Co., 3115 Wilshire Boulevard. He was formerly with J. Barth & Co.

Glore, Forgan Adds

(Special to The Financial Chronicle)

CHICAGO, Ill. — Harold R. Chapel, Jr., has become affiliated with Glore, Forgan & Co., 135 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Chapel was formerly with McDonald-Moore & Co.

Joins Elworthy Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Robert E. Bates has joined the staff of Elworthy & Co., 111 Sutter Street.

Continued from first page

A Tax on White Horses

we look beyond the promise of the future—and if we do not permit ourselves to be blinded by its brilliance—we shall also see before us the menacing shadow of hazard—of many hazards, in fact —most of which lie not so much in the economic field as in the political field because they stem from the conflicting ideologies of our times.

The greatest of these hazards, of course, is war—the deadly possibility that Man, having devised, at last, an instrument capable of his complete destruction, will be irresistibly drawn to his doom like a child playing with fire. Fortunately, there is no nation on earth, I believe, in which the people are not increasingly alert to this awful possibility and determined to prevent it if they can. In fact, our best defense against this danger is our awareness of it.

But it seems to me that the future is also beclouded by other ideological hazards to which we are not yet fully alert, and against which our defenses are therefore dangerously weak. And among all of these, perhaps, none is more immediate — nor more dangerous in the long run—than the widely-expounded doctrine that big business is a menacing evil which must be atomized in the national interest.

One of our industrial colleagues recently observed that the very businesses which have been most successful in doing the most for the largest number of individual citizens are the self-same ones that have been singled out, over the years, as the prime targets for political attack.

And that—as all of us know—is true. But why? Is it because these businesses — a number of which are in our own industry—have provided jobs for hundreds of thousands? Is it because they pay hundreds of millions in taxes and billions in wages? Is it because — through costly research—they have devised many of the new products that all America wants? Is it because they have made American life rich and fruitful in times of peace, and have outproduced all of America's enemies in times of war?

No. The attackers, themselves, explain it very simply. They merely say these businesses are too big, and that bigness—regardless of what happens to progress, or production or national protection—must be destroyed.

Acquainting the Public

Now, I — for one — have great faith in the collective wisdom of an informed people in our free American society. I believe that these people, in the century that lies before us, are going to create — through their own actions as consumers, employees, and investors — millions of new and small businesses to do the infinite variety of jobs that their welfare will demand. I believe they will also create — in the same way — businesses that are big enough to do the monumental jobs that must be done if man is to continue to progress. I believe, in short, that they will insistently demand business growth and the freedom to grow in every range of size; and that they will brook no interference with this necessary growth.

So if this issue of bigness is ever put before them fairly, in clear-cut terms, for their decision, I have no fears whatever as to the outcome. I believe that any straightforward proposal to impose an arbitrary political limit on business size—or on lawful business growth—would be emphatically rejected.

But, unfortunately, this issue is not being presented to the American people in straightforward, clearly-defined terms. Rather it is being offered in a number of different disguises and in a surprising number of bills that are now before Congress. And in its most dangerously deceptive form it is masquerading as an aid to small business in a rash of measures which would impose a "graduated" or "progressive" income tax on corporations.

At the moment, it appears that the proponents of this type of legislation are uniting their forces largely behind one of these bills in particular—a measure that was first introduced in the previous Congress by the distinguished gentleman from Texas, Congressman Wright Patman, and that is currently known in Congressional numerology as H. R. Seven. And it is this bill that I should like to discuss with you today; for I regard it as a major hazard to America's future.

Doubtless many have heard of the irascible editor of a small-town newspaper. When asked what position he intended to take on a burning local issue, he replied: "I haven't made up my mind yet—but when I do, I'll be bitter!"

Well, unlike this ulcerous scribe, I do have some very definite views about this type of legislation, and I may, at times, seem somewhat emphatic in my statement of them; but I should like to make one thing clear at the outset: I do not question the sincerity or the integrity of the proponents of this bill; and while I do question strongly the logic and the wisdom of the measure, I want to commend its author for his frankness, at least, in voicing the hope that one of its major results will be to force the "voluntary dissolution" of large corporations.

Examines H. R. Seven

I might say, moreover, that I can think of no political device more clearly designed to accomplish that exact result. So let's look at the terms of this bill:

Now I'm sure I don't have to remind anyone that under the present system of quarterly "greetings" from the Internal Revenue Collector, all corporations are taxed at the uniform rate of 52% on all of their taxable income above $25,000.

But in place of this uniform rate, H. R. Seven would substitute a so-called "progressive" tax on a graduated scale ranging from 22% in the lowest bracket—and rising through eight intermediate levels—to a high of 75% in the top bracket.

Although this is, on its face, a revenue measure, it is not intended to increase the revenues of the Federal Treasury. Neither is it intended to diminish them. According to its proponents, its primary purpose is to aid small businesses by reducing their taxes substantially; and by shifting this burden of taxation onto the shoulders of what the author of the bill is pleased to call the "super-giant corporations."

For your information, it would appear that a "super-giant corporation" under this bill is any corporation whose earnings before taxes amount to $37 million a year or more. For companies above that level, the bill would increase the present tax rate; while companies below that level would have their taxes reduced.

This means that the taxes now collected from several hundreds of thousands of corporations would be diminished, and that the resulting deficiency supposedly would be made up by a corresponding increase in the taxes paid by a few hundred so-called "super-giants."

In fact, it appears that for every corporation whose taxes would be increased under this bill, somewhere in the neighborhood of a thousand corporations would have their taxes reduced—initially, at least.

So if the pocketbook nerve of the American people is as sensitive as our practical politicians have always believed it to be, we might logically expect that within the business community itself, the corporate vote would be a thousand to one in favor of the passage of this bill—even though the destruction of the "super-giants"—at which the bill is aimed—might seriously affect thousands upon thousands of small businesses by wiping out their biggest customers as well as the principal suppliers of the basic materials upon which these small businesses depend.

Nor can we afford to overlook the fact that H. R. Seven is ingeniously designed to appeal strongly to the public at large. Like all of us the American people recognize that small business is the backbone of our national economy; and like all of us, too, they want to see it grow and expand — in numbers as well as in size. In short, they believe in aiding small business in any way that is legitimate, reasonable and fair. And to prove that this bill is fair, its supporters have the most convincing and—to me—the most utterly illogical argument you've ever heard. They say:

"If it is fair and just to have graduated tax rates on individual incomes, then it is equally fair and just to have graduated rates on corporate incomes!"

Now, honestly, did you ever hear any statement that sounded more plausible and more reasonable? And does it surprise you that—according to public opinion surveys — 78% of the American people are swallowing it, hook, line and sinker?

A Tax on White Horses

Yet it is just about as logical, of course, as that time-worn vaudeville gag that Moran and Mack used to pull about the farmer who found that his white horses ate more than his black horses — because he had more white horses!

And that, of course, is precisely the principle upon which H. R. Seven is based. By way of illustration, suppose that a small business has a 100 stockholders and earns a hundred thousand dollars before taxes. That is an average of $1,000 per stockholder. And suppose a big corporation has a million and a quarter stockholders and earns a billion and a quarter dollars before taxes. That, too, is an average of $1,000 per stockholder. Yet under this bill the big corporation would be forced to pay 75% of its top-bracket earnings in taxes to the Federal Government, while the small corporation would pay only 22%. Why? Well, not because the investors in the big corporation had made more money or could better afford it, but simply because there were more of them!

So if the author of H. R. Seven ever decides to change the rather lengthy title that this bill now bears, I would suggest that he merely label it—with simple truth —"A Tax on White Horses." For that, in essence, is what it is.

And there we see the basic fallacy in any proposal to levy a graduated tax on corporate income. Regardless of its justification, when a graduated tax is levied on an individual, it is based, at least in theory, upon his ability to pay. But a corporation is not an individual. It is a group of individuals who have pooled their resources and the skills to perform some service desired by their fellow men. And no tax that is levied upon a group of individuals, collectively, bears any relationship whatever to their individual ability to pay.

For example, a survey of United States Steel's stockholders in 1953 showed that more than half of them were people whose total incomes were less than $5,000 per year. And that was less than the average annual earnings of the workers in our mills. Yet under H. R. Seven, these people would be taxed, collectively, through the corporation at a top rate of 71% on the basis of our earnings last year instead of at the current rate of 52%. And after that, of course, they would also be taxed individually, on any dividends they received.

But on the other hand, the investors in many small, closely-held corporations are often people of considerable means. Yet under this bill, they might be taxed collectively—through the corporation —at rates as low as 22%.

So even a cursory examination of H. R. Seven reveals these indisputable facts: That it completely ignores the basic principle of "ability to pay" which it professes to expound; and that it violates every concept of justice and equity—tax or otherwise.

Now in the words of Artemus Ward, "I am not a politician and my other habits are good." But to my simple, non-political mind it seems that if this bill is really intended to aid small business—as it purports to be—then it could hardly have been more poorly-designed for that purpose. Let's look at the facts for a moment.

Looking at the Facts

Today there are more than four million small businesses in this country, but less than 15% of these are corporations. All the rest are individually-owned enterprises or partnerships. But while H. R. Seven would substantially reduce the taxes on small corporations, it does not even mention any other form of small business. So if this bill does provide any real and lasting benefits for small corporations — which I sincerely doubt — then it would seem on the face of these facts that it is designed to favor a few hundred thousand small corporations while ignoring more than 3½ million other small enterprises whose taxes would not be reduced. All of which hardly seems compatible with the doctrine of "the greatest good for the greatest number."

But even if we confine our examination of this measure to the small corporations which would be directly benefited by its terms, we find, I think, that it is something less than a blessing in disguise. At present all of these enterprises that have taxable incomes of more than $25,000 are paying a uniform tax rate of 52% on their earnings above that level. So, taxwise, they are able to compete on equal terms.

Not so under H. R. Seven, however; for should this measure ever become a law, these small corporations would be divided up into six different tax brackets with rates ranging from 22% to 54%. So at each of these six different levels, these small corporations would either have a tax advantage over their more prosperous competitors or would be at a tax disadvantage in relation to their more favored competitors.

You know we hear a great deal about so-called "perfect competition" these days, and about the most perfect competition I can think of at this season of the year is to be found at the ball park, where the New York Yankees outdraw the Washington Senators at the box office by more than three to one. But if the "progressive" principles of H. R. Seven were to be applied to our national sport, the Yanks would have to be limited to two strikes per out and two outs per inning, while the Senators would be granted four strikes per out and four outs per inning.

What havoc this ideological concept would wreak when applied either to baseball or to business competition, I leave to your imagination!

It requires no imagination at all, however, to perceive that this bill —by abolishing equality of competition, taxwise — would impose heavy penalties on business growth by corporations of any size—not merely by the so-called "super-giants" but by even the smallest business units in our national corporate structure.

So I think we may reasonably conclude that the widely-heralded aid which this bill would presumably afford small business is a dubious blessing, at best. In fact, the more we look at the measure, the more evident it becomes that the fundamental purpose of H. R. Seven is to force the dissolution of our larger enterprises, and to freeze the size of our smaller units at their present levels. It is, in fact, a "Fragmentation" tax designed to break our whole business structure up into little pieces.

Will Fragmentize Business

Now whether or not this tax would actually produce that result, I couldn't say; but certainly we must all agree, I think, that it is far more likely to fragmentize American business than to achieve any of the other objectives set forth in the title of the bill.

So let us look at it both ways; and suppose first that big business is able to pay these confiscatory taxes and still survive. How does it do it?

If it tries to reduce its wage-scales below the levels prevailing in the industry generally, it will be out of business, but promptly! If it tries to reduce its dividends below the levels afforded by competing stocks on the exchange, it will be shunned by investors. But if it is to maintain its payrolls and dividends at present levels, and still use the balance of its profits for all the other purposes that a profit must serve in this age of inflation, a corporation in the top tax bracket is going to have to earn about 1½ times as much, before taxes, as it now does. And where is all that money going to come from?

Why, there is only one place that it can come from—the only continuing source of receipts that the average corporation has: the customer. So — if it is competitively possible— there go prices, up the ladder again! And down goes the value of every dollar that people have laid aside in a government bond, or a savings account, or in an insurance policy, or a pension.

But let us suppose, on the other hand, that this "Fragmentation Tax" really works; and that there are no big businesses left in America. What happens then? And will the professional friends of small business be hailed as conquering heroes by the populace at large?

Well, I hardly think so — not even by the small businessmen themselves; for the first result of such an event would be to reduce —by several billions of dollars—the revenues of the Federal Treasury. And how would Congress find the money to make up this deficit?

Well, about the only thing it could do would be to jack up the corporate taxes on the remaining smaller businesses; and as these enterprises in turn began to fall by the wayside, it would just have to jack up these taxes some more. So if there is anyone here today who would welcome a "progressive" tax on corporate income at the rates now provided for in H. R. Seven, I would simply like to remind him that when the Federal income tax first went into effect, the rates on individual incomes ranged from a minimum of 1% to a maximum of 6%. Today, as you know, those rates have "progressed" to a minimum of 20% and a maximum of 91%!

Resulting Consequences

But all this, of course, would be of only minor importance should big business really disappear from

the American industrial scene. Just think about it a moment:

What small business would then be able to search the earth and develop the new sources of iron ore, or oil, or any of the other vital raw materials that our people must have in this second century that we are now beginning?

And what small business would then be able to risk millions of dollars in the kind of research that produced a Nylon or a T-1 steel, and that must yet unlock the innermost secrets of the atom and harness the rays of the sun?

But above all where is the small business that will ever be able to build the gigantic and complex machines we shall need for our national defense? Where shall we find the great mass production lines that twice in the Twentieth Century, have proved to be the salvation of America. And where, in short, shall we muster the overpowering strength that could successfully discourage any foreign nation from attempting to unleash upon our cities the flaming Hell of the hydrogen bomb?

In my opinion this "Fragmentation Tax" proposal is one of the most plausible and most deceptively dangerous measures that has yet been aimed at our industrial system. And unless the American people can be fully informed of its hidden implications, its proponents may in time be able to build up a pressure for its passage that Congress will find irresistible.

Clearly this is not an issue with which any of us can afford to temporize; for if I were seeking to cripple the American economy and to sap America's powers of self defense, I could hardly hope to find a device so perfectly suited to my needs as H. R. Seven.

Last month when the income-tax deadline rolled around, I read in the papers about a corporation which attached to its tax return a little note which read: "Ours is a non-profit-making organization. We didn't plan it that way; but that's the way it worked out!"

Well, I am perfectly sure that the proponents of a graduated tax on corporate incomes are not planning the fragmentation of our national economy along with our larger corporations, but should their counsel ever prevail, I'm very much afraid that that is the way it might well work out!

Dogma of Pure Laissez-Faire Weakens British Gov't Loans

By PAUL EINZIG

Opposed to British efforts to reduce the amount of Treasury bills and to continue the high bank rate, Dr. Einzig holds this re-funding policy partly responsible for: increasing the funded debt burden, depreciating large proportion of bank's investments, and weak trend in government loans and in "gilt-edged" stocks. Absolving Treasury bills from inflation, the well known economist would like to see Keynesian de-funding restored and suggests persuading bankers to cooperate in credit restraints instead of relying upon prohibitive interest rates and its burdensome cost to taxpayers and industry.

LONDON, Eng.—The downward price trend of British Government loans is causing much concern in official circles and among bankers. From the point of view of the Treasury and of the taxpayer it means an increase in the burden of the funded debt, as and when re-financing operations have to be carried out. From the point of view of banks, it means the depreciation of a large proportion of their investments. For, while insurance companies, pension funds and trust funds have been switching over to equities, the extent to which banks are in a position to do this is negligible. All they can do is to confine themselves, as far as possible to short-dated Government securities. Even these are liable to be affected appreciably by the downward trend of "gilt-edged" stocks, especially as the provision in this year's Finance Bill has brought to an end the demand for short-dated stocks for the purpose of avoiding death duties.

Dr. Paul Einzig

Absence of the anticipated reduction of the bank rate may have been the immediate cause for the weak trend in recent weeks, as a result of which Government loans are now nearly down to the level to which they declined at the time of the Suez crisis. But more profound influences are also at work. Foremost among them is the growing realization by investors that by confining themselves to Government loans they do not safeguard themselves against the depreciation of the real value of their investments in terms of goods, or even against the depreciation of the nominal value of their capital. A 5% yield barely covers the annual increase in prices. So conservative investors who in the past would have considered equities as too speculative are now going for good-class industrial equities in preference to Government loans.

Absolves Treasury Bills

But this is not the whole story by a long way. The Treasury's policy of aiming at the reduction of the amount of Treasury bills has its share in the responsibility for the unfavorable trend in long- and medium-term Government loans. This policy has been thrust upon the Government by an aggressive campaign that has been proceeding during the last year or two, putting the blame for inflation on the excessive volume of Treasury bills.

The argument is that, since the traditional liquidity ratio — the proportion of easily realizable assets to total assets—of British banks is 30%, an increase in their holdings of Treasury bills above that limit provides both opportunity and temptation for them to expand their credit, notwithstanding any official policy aiming at credit restriction. It has been argued by bankers, economists and financial journalists that, in order to make the credit squeeze effective, the Treasury must reduce the volume of Treasury bills at all costs. And since there is no overall budgetary surplus to absorb Treasury bills, the only way in which the end can be achieved is by funding operations. But such operations mean that the supply of Goverment loans must be increased at a time when demand for them tends to decline.

Prefers Keynesian De-Funding

Reduction of the proportion of the floating debt means a complete reversal of the Keynesian policy of *de*-funding, thanks to which Britain and other countries had been able to finance the Second World War at a much lower interest rate than the First World War. This ill-advised policy of *re*-funding is based on ideological dogmatism. As a reaction to the ideological dogmatism of the Socialist regime of 1945-1951, under which nationalization and physical controls were favored for their own sake regardless of the economic arguments involved, the pendulum has swung in the opposite direction under the Conservative regime of 1951-1957.

This new ideological dogmatism —it is not really Conservative but flavors out-dated side-whiskered nineteenth-century liberalism — demands that the Government should abstain from trying to enlist the cooperation of banks in an effort to restrain credit inflation without having to raise interest rates to a prohibitive level. Under the orthodox doctrinaire conception the only way in which the monetary authorities are entitled to intervene to check credit expansion is by raising interest rates to a level at which borrowing is effectively discouraged. Any appeal to bankers to practice self-restraint has been condemned by the numerous and vocal adherents of this revived orthodox school.

In other countries, such as the United States for instance, it has proved to be feasible to bring credit expansion more or less to a halt without having to burden the taxpayer and industry with prohibitive interest rates. Thanks to the success of the orthodox campaign in Britain, hundreds of millions of pounds are paid out by the Government in unnecessarily high interest charges, and further hundreds of million of pounds are paid by industry. As the interest charges paid by the latter are passed on to the consumer, the net result of high interest rates have been an addition to inflation.

Mistaken Laissez-Faire Policy

It would have been wiser to induce banks not to make full use of the increase of their liquidity ratios for expanding credit. But this would have been against the dogma of pure *laissez-faire*. Those opposed to this policy maintained that bankers are fully entitled to lend to the utmost limit set to their lending by the established principles of sound banking —that is, they are within their rights to expand credit so long as their liquidity ratio is above 30%. Some of the dogmatists who argue on such lines go so far as to disapprove of any exhortations addressed to trade unions that they should moderate their wages demands. They feel that on the principle of *laissez-faire* the workers are fully entitled to claim their market value determined by supply and demand in the labor market, and the way in which this market value should be kept down is not by persuading bankers to abstain from excessive credit expansion but by preventing them from expanding their credit. This, according to the dogmatists, could and should be achieved solely by a reduction in the volume of Treasury bills leading to a fall in the liquidity ratio of banks.

Dogmatism has prevailed in Britain over common sense. The liquidity ratios of banks are now down in the vicinity of 30%. But even this does not prevent a further credit expansion necessitated by the rising level of wages and prices. The banks can replenish their holdings of Treasury bills by keeping down and reducing their investments in medium-term Government loans. This will make funding operations too costly, and the Treasury will eventually revert to the Keynesian policy of de-funding. Meanwhile the mistaken policy means a depressed gilt-edged market.

With White, Weld

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — John C. McCurdy has become connected with White, Weld & Co., 231 South La Salle Street.

With J. M. Batchelder

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John H. Wall, Jr., has become connected with Joseph M. Batchelder Co., Inc., 111 Devonshire Street, members of the Boston Stock Exchange. Mr. Wall was formerly with Coffin & Burr Incorporated and Vance, Sanders & Co.

Nelson Burbank Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Gilbert J. Bouley and Leon F. Markoff have been added to the staff of Nelson S. Burbank Company, 80 Federal Street. Mr. Bouley was formerly with Investors Planning Corporation of New England.

Lee Higginson Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Francis R. Spellman has been added to the staff of Lee Higginson Corporation, 50 Federal Street.

With Walston & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Allan V. Abbott, Jr. is now connected with Walston & Co., Inc., 550 South Spring Street.

Joins Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Richard J. McDermott has become affiliated with Paine, Webber, Jackson & Curtis, 24 Federal Street. He was previously with Merrill Lynch, Pierce, Fenner & Beane.

With Coburn, Middlebrook

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Ernest F. Grimley is with Coburn & Middlebrook Incorporated, 390 Main Street.

Halsey, Stuart Group Offers Reading Ctfs.

Halsey, Stuart & Co. Inc. and associates on May 24 offered $2,465,000 of Reading Company 4¼% equipment trust certificates, series Z, maturing semi-annually Jan. 1, 1958 to Jan. 1, 1972, inclusive.

The certificates, second and final installment of a total issue of $7,715,000, are scaled to yield from 4% to 4.50%, according to maturity.

Issuance and sale of the certificates are subject to authorization of the Interstate Commerce Commission.

The entire issue of certificates is to be secured by 1,000 hopper cars and 400 gondola cars, estimated to cost $10,086,646.

Associates in the offering are Dick & Merle-Smith; R. W. Pressprich & Co.; Freeman & Co., and McMaster Hutchinson & Co.

With Hannaford & Talbot

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Philip B. Taylor has become connected with Hannaford & Talbot, 519 California Street. Mr. Taylor, who has been in the investment business for many years, was formerly with Hooker & Fay and Walter C. Gorey Co.

Hooker & Fay Add

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Benjamin M. Copenhaver has been added to the staff of Hooker & Fay, 221 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges. Mr. Copenhaver was previously with Francis I. Du Pont & Co.

Charles S. Godnick

Charles S. Godnick passed away May 17th at the age of 70. Mr. Godnick was senior partner in Godnick & Son of New York.

Continued from page 14

Over-the-Counter Markets: Misnamed, Maligned, Meritorious

ness. Nevertheless, I think it is a most important one. The role of a trader can be of varying degrees of importance depending upon a number of things such as the size of the firm with whom he is associated, the scope of their activity in the Over-the-Counter securities of all types, the amount, if any, of their position that he carries and, of course, the know-how, experience, and skill with which he conducts his chosen profession. I know, definitely, that all security men do not make good traders and to some extent I think that certain natural attributes are necessary to be successful in this line of endeavor in the same manner they might well apply to doctors, lawyers, athletes or musicians. Needless to say, the average statistician will not make a successful trader and vice versa.

A number of basic requirements would seem to be essential and I would include in these: character in business, experience, intense love or interest in his chosen profession, and an ability to make friends or instill confidence wherever contacts are made. You will find many leading members of our investment fraternity, and more particularly in areas other than our large cities, gained a substantial part of their experience and know-how on the trading desk. I heartily recommend that those in responsible positions encourage the development of their traders and have them participate in local and national activities to better them for the work that they are doing.

With today's excellent means of communication, markets and transactions in securities are taking place daily in thousands of instances between firms and clientele, between trading and investment firms in the same locale, and between firms in all states and sections of the country. The volume, the markets available, and the efficiency of these transactions are, in many instances, comparable to any other type of market.

Negotiation vs. Auction

We are all aware of the fact that the mechanics of the Over-the-Counter market, insofar as the getting together of buyers and sellers is concerned, are entirely different from those on the exchanges. As we know, the exchanges are, in essence, an auction market where the buying and selling orders are assembled at one point, and transactions result from a highly efficient and thoroughly dependable system. On the other hand, basically, the Over-the-Counter market is one of negotiation and many different faculties are brought into play to bring the buyer and seller together. Trading techniques have drastically changed during the some odd 35 years that I have been associated with the securities business and in close touch with trading operations. It is pointless for me to endeavor to argue as to relative merits of the two markets, but I do know in many, many instances sizable blocks of unlisted securities are skillfully negotiated and the transactions completed with hardly a ripple on the price structure.

I sincerely believe that the Over-the-Counter market, or the NATIONAL SECURITIES MARKET as I would like to call it, is misunderstood in many quarters, not only among investors or security holders but, likewise, in the securities industry itself. Frankly, a great deal of this is lack of understanding but on the other hand I would be unfair if I did not admit that included in this immense family of Over-the-Counter craftsmen and the many thousands of securities are certain numbers and certain percentages that we could well do without.

First of all, as to the protection of the public. Vast improvements have taken place during the last several decades. It is immaterial as to whether or not this was forced on the industry by legislation in the 30's or whether we grew up to the realization that the customer's interests are, and should be, paramount. The investor today in both listed and unlisted securities has available and does receive a maximum protection if he will use a small degree of intelligence, in the first instance, and avail himself of the information and facilities that are at his service for his guidance and protection. We are all familiar with the part played by the Securities and Exchange Commission, the National Association of Securities Dealers, and the various industry groups that are in operation to promote the welfare of the investor and the standards of the industry.

National Quotation Bureau

Available through the kindness of Mr. L. B. Walker, President of the National Quotation Bureau, one may obtain material and data issued by that company and of vital interest to those engaged in the Over-the-Counter business.

I mentioned above the changes that have occurred in trading and Over-theCounter transactions over a period years. In my opinion, the services provided by the National Quotation Bureau, to a very large extent aided in bringing about these changes. The National Quotation's Daily Lists are now of primary interest for stocks and of secondary interest for bonds, which is the direct opposite of conditions that prevailed 20 or 25 years ago. They are an absolute must for those actively engaged in this type of business. As I am sure most of you are aware, they afford a vehicle in which those interested in the sale and/or purchase of securities, as well as those desiring accurate quotations on many thousands of securities rely. They, likewise, are a means of advising thousands of securities dealers what firms are specifically interested in various securities. The daily service, as we see it, appears to be quite simple, with pink and yellow sheets being mailed or delivered by hand to the various subscribers. This service, which originated in 1914, collects, sorts, compiles and distributes this vast amount of information with a minimum of criticism and an apparent ease that affords no indication of the tremendous amount of work involved or the organization that is necessary to furnish this service in such an efficient manner.

I would particularly recommend for careful consideration charts which show a comparison as of January, 1957, between the Dow Jones Industrial Averages and the National Quotation Bureau's Industrial Average. There is no question in my mind that these averages were fairly and accurately compiled; that they were not in any manner selected for the results that would be shown. I believe you will be quite surprised to find that the market performance of the group of unlisted securities selected has a substantial margin in its favor. To show that this better performance was not at the cost of income, a corresponding chart will show that for the period 1939 to 1950 the yields of the unlisted securities included in the average were greater, and that from 1950 to the present time they have been practically identical.

For those of you who are now or who will become interested in distribution of unlisted securities there are very definite reasons and arguments in proving to clients that there are equally good opportunities among carefully selected securities in the Over-the-Counter Unlisted market. Along these lines, I would like to quote from an article appearing in *The Financial World* in 1917. Louis Guenther, Editor, stated: "In the final analysis it is not whether a stock is Listed or not which gives it marketability, but its intrinsic merit as an investment. That is what the buyers of stocks first consider and quite properly. While I am not decrying the advantages of securities that are listed, I at least cannot see that it is a mistake when a corporation fails to place its securities on the exchange. As long as a stock has intrinsic merit behind it, returns good dividends and has borne a good reputation, it is immaterial from the investor's standpoint whether it is Listed or not."

Newspaper Quotations and Publicity

Those of us actively associated with the Over-the-Counter business have spent long hours over many years in the general field of newspaper quotations. Frankly, it has been a long and tedious job to win newspapers to affording valuable space for these quotations. Naturally, the great amount of daily interest has been in the New York Stock Exchange and regional exchanges, but slowly and surely the broadening interest on the part of investors in the Over-the-Counter securities, the vast improvement in markets and quotations, with unceasing efforts on the part of various organizations such as the National Association of Securities Dealers, Investment Bankers Association and local groups, as well as a great deal of education within the industry itself has brought a marked change. Today, the *Wall Street Journal*, *New York Times*, as well as leading papers in Chicago, Boston, Philadelphia and many other cities are carrying daily quotations of comparative size and in some instances greater than the Listed markets. This has not been easy. There is still a great deal of progress to be made, and investment bankers could have an important part in that in their localities. There is no question in my mind that a broader opportunity for Unlisted securities exists, and insofar as a livelihood will permit, more accurate and closer quotations will help materially in increasing interest in this class of security. An overwhelming majority of security buyers at least like to see their securities in print. The quotations themselves materially aid those distributing this type of security to develop customer interest. As many are aware, a tremendous amount of work, much of it on a voluntary basis, goes into the collection, compilation and distribution of these quotations.

Pennsylvania Institute of Investment Firms

I assume very few have ever heard of PIIF. That is fully understandable as PIIF was what I might call a revolutionary idea, at least at the time, worked out by a small group of us in Philadelphia for the primary purpose of finding ways and means to bring to the investing public the story of the Unlisted securities. PIIF ran a series of large newspaper advertisements in Philadelphia, starting in November, 1950. As a matter of fact, the Charter of PIIF still survives although its activities have long since ceased. The advertising of the New York Stock Exchange is known to all of us and, undoubtedly, has been very effective. The same idea which sprang up in our minds at about the same time was the thought behind PIIF. It was obvious that no one firm of average size could afford newspaper advertising of a general nature. Therefore, a few of us organized a scheme whereby various amounts were voluntarily contributed, divided into classes of $100, $200, and $300 for our local firms depending upon their size and willingness to go along with the program. These funds were used to pay for the advertisements with the firms alphabetically listed. Coupon returns in the nature of leads were distributed pro-rata by the advertising agencies to the firms in accordance with their financial contribution to the project.

Naturally, it would be infinitely better to have some national organization that might be comparative with the Association of Stock Exchange Firms in size and structure and finances. I am merely bringing this thought out with the hope that some might have the desire to promote something of this or a similar nature as a means of presenting the message through your local newspapers or in your local communities.

Profit Motive

We folks engaged in the securities business have two primary objectives. The first is the welfare and best interests of our clientele and secondly, the ability to add to the efficiency and financial strength of our business or the firm with which we are associated as well as to earn a livelihood for ourselves. I am definitely of the opinion that the Unlisted market offers an excellent opportunity for those in this field of endeavor to furnish a broader and different type of service to its clients that, in turn, warrants proper reward. Frankly, I do not feel that the average security firm or the average security salesman can develop or properly handle a sufficiently large volume of business and make a satisfactory living on a nominal commission basis. The trend of some security firms and many security salesmen to attempt to do all business on an exchange commission or its equivalent seems to me an absolutely unnecessary one and a sure method of cheapening the actual services that can be rendered to your clients. I have no desire to enter into any discussion as to what such compensation should be but, certainly, it should be in keeping with the experience, know-how, time and investment made to give the service we are referring to.

Insofar as Listed securities are concerned, to a very large extent, the commissions charged are solely for the execution of the order and the fact that no larger commission is obtainable for exhaustive research on the part of the investment firm or salesman would certainly act as a deterrent from making a personal or prolonged study of individual securities. I do not wish to infer for a moment that time and consideration are not given to Listed securities and that substantial sums of money are not spent for services and statistical help in this department. To a great extent, however, this has to be confined to the larger firms that can afford to make such expenditures to supplement information obtained through normal channels.

In the Unlisted markets, in many instances a more personal association exists. It is safe to say that practically all corporations have some investment banker either serving on the Board or acting in an advisory capacity or, in lieu of this, in close personal touch with the officers and affairs of these companies and on many occasions they make personal visits and inspections to supplement other information. In this manner certain firms and individuals become well identified with these businesses and over a period of many years are not only a source of information and advice to their own clients and sales organizations, but serve a similar function in advising other dealers regarding these affairs. It is very obvious that this type of personal and intimate relationship can well redound to the benefit of the purchasers of these securities and it is equally obvious that it would be unwise and impractical to expect to be compensated for this kind of service through a minimum commission charge. Not only in our chosen profession but in all lines of business it is a proven fact that customers, generally speaking, will pay an adequate price for quality.

I would like to raise the thought that customers should be educated as to the experience, time and expense involved to provide such a service. In the rare instances where they are then unwilling to properly compensate for this service, you will be far better off to encourage them to take their business elsewhere!

Quality

As we all know, there are a number of methods to evaluate securities. One of these is the ability to pay dividends without interruption. While this is not probably the most valuable yardstock, it certainly has a definite place in our considerations. Certain Unlisted securities, most notably in the bank and insurance fields, have outstanding records in this respect. From a recent compilation appearing in the *Commercial and Financial Chronicle*, I noted 12 companies whose unbroken dividends records extended 120 years or longer. Three of the 12 are here in Philadelphia. I am sure these records are a little astonishing to some of you good friends from sections of the country where industry is relatively new. As a matter of fact, any scalping that was being done in those localities was being perpetrated by our native Indians and not by any of the Indians engaged in the securities business!

It is important to note one of the significant changes that has taken place since the enactment of the Securities Acts in the '30s is that practically all new financing both for new money and refunding now takes place in the Over-the-Counter Market. Securities are no longer listed on exchanges until they have been distributed. The Over-the-Counter Market is the fountainhead of our capitalistic system since it alone provides the sinews of money necessary to carry on our free enterprise system. When bonds are floated in the Over-the-Counter Market the purchaser actually lends money to the corporation and if he subscribes to stock, he furnishes the money to conduct or open up the business. Subsequent transactions are merely between individuals and have no connection with the company whatever except a change in the name of holders of the securities.

Listings

Another proof of the extent of the Over-the-Counter Market is shown by the daily listings in the National Quotation Service of the National Quotation Bureau. The number of separate stock issues listed in January, 1929 was 1,900, in January, 1946, 4,900, and in January, 1957, 6,300. In the same manner the actual number of listings jumped from 4,200 in 1929 to 22,800 in 1957. In too many quarters it is felt that the listing of stocks is the ultimate. Of course, this thought is encouraged by the members and officers of the various stock exchanges. It is extremely lamentable that many individuals and, to a large extent, the trade organizations interested in the Over-the-Counter business make little or no effort to point

out the advantages of Unlisted markets and the fact that in many instances the over-all results to be achieved by listing of the securities of certain corporations leave much to be desired.

It is very obvious from what I have said before that investment firms and securities salesmen cannot be adequately compensated on the basis of stock exchange commissions. In many instances either no profit at all or an insufficient one can be obtained by non-member firms and it is obvious that their interest in studying, following, and recommending securities automatically ceases upon Listing. The question as to the advantages and disadvantages that follow is not necessarily a subject of this discussion but I cannot too strongly urge those who are in favor of the Over-the-Counter business to be constantly on the alert to put forth the other side of the question.

The Preamble of the Constitution contains a clause entitled: "To Promote the General Welfare." It is needless to say that, generally speaking, we in the securities business do, and should always keep this objective before us. I sincerely feel that THE NATIONAL SECURITIES MARKET, as I would like to call it, comprises a most important phase of the securities industry and that the best interests of the "General Welfare" is not served if your clients are not given an opportunity to share in some of these securities.

Some of the facts and statistics I have presented may be new. If this is true, how even more important it is that this information be made available to the public and clients. Our approach to this subject should be factual and scholarly and not emotional.

K. E. Blaney With Chesley & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Katherine E. Blaney has become associated with Chesley & Co., 105 South La Salle Street. She was previously an officer of J. P. Blaney & Co.

Joins Irving Lundborg

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Bruce A. Merickel has become affiliated with Irving Lundborg & Co., 310 Sansome Street, members of the New York Stock Exchange. He was previously with Reynolds & Co.

Two With Reynolds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Wallace W. Everett and Karl L. Falconer have been added to the staff of Reynolds & Co., 425 Montgomery Street. Mr. Falconer was previously with Kostman, Inc.

With Wilson, Johnson

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Donald E. Davis is now with Wilson, Johnson & Higgins, 300 Montgomery Street, members of the Pacific Coast Stock Exchange.

With Walston Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—John W. Harder has become connected with Walston & Co., Inc., 265 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

Dean Witter Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—John R. Maurer has become affiliated with Dean Witter & Co., 45 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

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Challenge for Management: The Cost of Venture Ca, ital

listed companies to issue preferred stocks and bonds. Here, the initial advantage is not so marked, but it is nevertheless significant and continues over the entire life of the security.

You might suppose, of course, that our listed companies are generally larger than other corporations we studied. Therefore, their costs could be expected to be lower. Our study took cognizance of this. As a further check, we examined corporations in groups of various asset sizes. We found two things that merit reporting. The first is that when very large listed companies—those with assets over $500 million—went into the equity market their costs **averaged two-thirds** below those of companies of comparable size elsewhere. And second, when smaller listed companies—with assets of $25 million and below—sold stock, their costs **averaged 25% less** than similar sized firms not listed on our Exchange.

Finally, there were several items of particular interest to associate members of the Southern Gas Association. Smaller listed companies engaged in the manufacture of light machinery and metal products completed their common stock financing at **half** the cost of comparable non-New York Stock Exchange concerns. And listed producers of heavy machinery, no matter what their size, paid an average of **one-third less** than their non-listed counterparts.

What lies behind these findings? There are, of course, qualitative factors such as the caliber of a company's management, its past relationships with underwriters, its earnings and growth potential that are not susceptible to statistical measurement. But we can, at least, conclude this: it is not **size**, or the **nature** of a corporation's business, or the **amount** of financing, or the **time** of year the company went to market that explains the cost advantages our listed companies seem to enjoy. These factors were weighed and analyzed separately, item by item.

Rather, I believe the explanation of the cost advantages I have cited lies in several places: The first is in the **experience of management**, tested over the years. In any business enterprise there is no substitute for good management and this reflects itself in the borrowing of funds as well as in all other facets of the operations of companies listed on our Exchange. The second is in the **character** of the Stock Exchange itself, and its role in our society. The third has to do with the broad economic changes — particularly the trend towards **shareownership** —that are shaping the future.

To understand these latter two factors . . . to appreciate why they can influence the cost of raising money, we have to look first, I believe, at the investing public.

The great majority of people today are approaching the market soundly. They have taken to heart the **content** of the Exchange's educational messages. In these, we have stressed the risks and rewards of ownership. We have urged the shaping of investment programs that meet specific personal needs. And we have emphasized the importance of getting good advice and of staying away from tips, rumors and get-rich-quick schemes.

As a result, even novice investors exhibit a comparatively high degree of sophistication. The thousands who have been introduced to stock ownership through the Exchange's Monthly Investment Plan are a good illustration. They are concentrating heavily on the same securities that are found in the portfolios of major institutional investors. They are buying for the long-term and 86% are reinvesting their dividends.

When investing, they look for a flow of information about their companies. They expect the right to vote. They want a continuous market, and a ready appraisal of how their stocks are rated generally by investors. They seek, in other words, **reassurance** — the essential feeling that despite the known risks, they can invest with confidence in the openness, liquidity and honesty of the market place.

They find this reassurance on the Stock Exchange. They see the great bulk of all trading in a particular security narrowed down to a space of **four square feet**. Here is a single area on the Exchange floor that accurately reflects the minute-by-minute, hour-by-hour, day-by-day value of their investments. And they know, moreover, the Exchange insists on full disclosure. Every listed stock has a vote. Every listed company has passed several acid tests. For example, at the present time each newly-listed company must have at least 300,000 shares outstanding, exclusive of concentrated holdings. Each must have at least 1,500 stockholders. Each must show a net income after taxes of $1 million and net assets of at least $7 million. Each must be a leader in its field.

Wider Share Distribution Ease Marketing Problems and Help Reduce Financing Costs

As a result of all this a **feeling** of confidence exists in the Stock Exchange. Whether it is expressed or not, it helps explain the broad market that exists for securities listed there. And out of this broad market other values loom that are **vital** in reducing financing costs.

One of the most important is that **underwriters** obviously see the wide distribution of shares as a key to easier marketability. To an underwriter, if an issue can be expected to be distributed quickly, his risks are reduced. The amount of capital he must tie up for prolonged periods is lessened.

Second, there is a **prestige** in listing that can be a measurable commodity in many ways. Listing improves a company's credit standing. At financing time the high reputation attached to the old issue rubs off on the new. In addition, many institutions are limited by law or by policy to investing only in our listed securities.

Third, **constant publicity** serves to keep a listed company's name before the investing public. With newspapers across the country increasing their coverage of the market place, listed companies are provided with a unique form of daily advertising and publicity. This, too, helps broaden share distribution. And it serves ultimately to develop stronger customers as well. Thus, it is public acceptance of the hallmark of listing that often prompts underwriters to note on a new issue prospectus that, "An application will be made to list."

Finally, the staff of the Exchange is able to provide considerable assistance to our listed companies. Over the years we have been called on to cope with a myriad of corporate, legal and accounting developments that are changing our business organizations. This has provided our people with an unusual insight into management's problems. It has enabled us to perform a valuable **clearing-house** function — passing on to all listed companies the benefit of many of our experiences and ideas.

Conclusion

These, then, are the chief factors behind the lower financing costs that listed companies have enjoyed. They include the attitude of the nation's underwriters; the prestige of listing; constant publicity; and the help of the Exchange's staff. I would stress, of course, that the cost figures cited in our study provide only a useful guide to the future. They are not an absolute measure of what any one company can expect.

But they are important, I believe, for what they tell of the immediate past and suggest of the immediate future. Hence, if I were to summarize the years ahead in terms of the ground I have covered, there are four things I would note:

The first is that we are in the midst of a quiet economic revolution known as "broader shareownership." It has resulted in the spread of a "People's Capitalism." Millions have ventured billions on our recent growth.

The second is that this trend must be carefully nourished and encouraged. For a relatively short time the unbelievable output of our economy must be multiplied still further. Such growth as your industry and the nation envision will call for a total expenditure of $360 billion by 1965 just for new plants and equipment. And venture money—much more of it than we have ever needed before —ought to supply $60 billion of our needs.

Third, these needed dollars are available. They can be harnessed. The equity financing record of recent years indicates this. And this fact becomes of paramount importance to companies that are increasingly concerned with the difficulty and possible danger of relying too heavily on debt financing.

Finally, for companies in which there is a truly national interest, new money generally can be obtained at much lower cost through a New York Stock Exchange listing. As our studies have shown, the burdensome cost of equity financing can, on the average, be cut almost in half because a company listed on the Stock Exchange can easily reach the heart of the equity market—the 80% of all shareowners who equate stock investments with the New York Stock Exchange.

There is much in the above that may seem overly simple. This obviously is not the case. Raising future money will certainly demand hard decisions, great courage, and considerable imagination. But it is also true that America is, as one writer has noted, "a whale of a success." We are continuing to build an economic civilization which is not only new and unprecedented, but which is superior to any other. And we shall continue building it, I am sure, by concentrating literally on what Carl Sandburg labeled "an ocean of tomorrows."

Frank J. Walters, Jr.

Frank J. Walters, Jr., associated with Coffin & Burr, Incorporated, in New York City, passed away May 11th.

Now Evans MacCormack

LOS ANGELES, Calif. — The firm name of Fewel & Co., 453 South Spring Street, has been changed to Evans MacCormack & Company.

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The Security I Like Best

duced from these shale reserves at competitive prices. What most people do not realize is that a growing number of authorities are convinced that its production is practical even now. The price of crude oil has been raised recently another 10%. Discovery costs, completely eliminated with shale oil, are approaching $1.50 a barrel. And methods of retorting shale oil are vastly improved. The simultaneous occurrence of these favorable factors have suddenly made the production of shale oil practical now in the opinion of some experts. And even if it is not feasible financially today, it is bound to be comparatively soon, for a further increase in both discovery costs and the market price of oil appears inevitable.

One of the companies which has perhaps done the most extensive research on the problem, Union Oil of California, is betting a cool $7 million on a 300-ton pilot plant in Colorado right now that the time has already arrived. As a further indication of how near shale oil production may be, a delegation of shale oil representatives recently visited Washington in an effort to obtain the 27½% depletion allowance and told Congressmen that oil companies stand ready to put up the necessary $300 million into plants and the required 700-mile pipeline to the West Coast.

Several other large oil companies, including the Texas Co., Cities Service, and Continental Oil, as well as the Dow Chemical Co., own smaller reserves of shale oil. But a number of other major oil companies do not have any. Equity is virtually the only small company with substantial acreage and in all probability represents the most logical way one of the remaining majors might buy their way into this shale oil picture. Moreover, since its half interest with Socony is an undivided one, Equity should automatically benefit without the need of additional financing when Socony's tremendous financial resources are employed to mine and market its own shale oil.

The Middle East situation simply serves to emphasize the need for this country to develop really substantial reserves. And the rising cost of finding new oil makes shale oil the next great "frontier." Union Oil's shale deposits, for instance, contain roughly 8 times its current proven crude oil reserves.

The fact that Equity is a sound, well operated, profitable oil company with excellent gas fields partially proven up and considerable additional income to be realized from gas discoveries already made to date would appear to eliminate much downside risk at the current level around 22. This makes it quite a unique speculation in view of the substantial appreciation possibilities on the upside stemming from additional gas discoveries and from large shale oil holdings that may be worth by themselves many times the present price of the stock.

Ray Hommes Co. Formed

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Ray Hommes & Company has been formed with offices at 120 El Camino Drive to engage in a securities business. Officers are Ray L. Hommes, President; Monroe F. Marsh and Frederic Walker Vice-Presidents; and Dorothy E. Knox, Secretary-Treasurer.

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Attaining Future Growth For America and Steel

effort built organizations capable of marshalling men, talent and money to expand the industry and meet the rising challenges of each decade. Self-denial, savings, and the absence of confiscatory taxation made available billions of dollars to develop sources of raw materials. There was nothing automatic about such investments. They required accumulation of funds, risk-taking, and hard, responsible decisions in every case.

Aggressive decision-making, of course, was vital to the growth of the industry throughout the century. Every ton of new capacity came from a decision based not only on business sense, but on confidence in the future of America and Americans.

It was never easy to decide to adopt new methods that made equipment obsolete while it was still in the prime of its use. Certainly, it was not easy, during the 1930's depression, to decide to spend $1 billion for new capacity. Nor was it simple, in that period, to assign millions of scarce dollars for continuing research and development. The expansion of the '30's was criticized as being "excessive," but the events of the years that followed proved it to be among the wisest decisions American management ever made.

So the steel industry has grown through its first century—through panics, recession, inflation, wars, and social and industrial revolution.

From less than one-third of England's production in 1870, to world's largest producer in 1890, to 40% of the entire world capacity in 1957—this is America's record in steel. It came about not because of irrepressible growth, but because of the irrepressible spirit of the American people and the irrepressible determination of the industry to meet the nation's needs.

Increasing Problems

Certainly the past year has illustrated the increasing problems to be faced in seeing this growth continued. No one anywhere could know better than steelmen the hard decision-making, the planning and the work that went into the addition of five million tons of capacity in 1956. No one could be more aware of the enormous task of raising the $1,200,000,000 required to finance that addition.

No greater problem has ever faced the industry, in fact, than the current problem of getting money for growth in a period of mounting inflation coupled with highly inadequate provisions for industrial depreciation.

The past year has also required record investments in research and technology. And this, certainly, is in keeping with the time. The nation as a whole has spent more for research and development in the past six years than in all the rest of our history. Since steel, in one way or another, is part of practically every industry in America, the same tremendous acceleration must take place in steel. Not only are the new steels and new applications needed in thousands of different ways, but steelmaking itself must use virtually all the sciences in its work.

The past year has seen a major shift in demand among large steel-consuming industries. It has brought the crisis in the Mideast and the call for a rapid buildup of tanker construction. To meet these changing needs, a large part of the industry had to shift its product emphasis from the lighter strip and flat rolled sheets to heavy plates and structural shapes. Here again has been evidence that the steel industry does not grow along rigid, automatic lines, but must adapt often to meet changing national and world events.

In all, good progress has been made by all the steel companies and the 675,000 men and women who make up the great family of steel employees. Steel, to date, has met its full responsibility in growing *with* and *for* America.

Now, what of the future?

Confident of the Future

The outlook for the progress of the American people is bright indeed. There is, for all this nation, a towering opportunity in this age of one great scientific advance after another. But when I weigh this opportunity, I tend to think of the fellow who announced that he was very optimistic about the future; and someone asked him: "Then why do you look so worried?" And he said: "I'm just not certain my optimism is justified."

I believe my optimism is justified—but I also believe that full justification of our outlook lies in the measure in which all Americans accept the responsibilities of the future.

Since steel is the basic ingredient in practically every field of advance, we in the steel industry have a special responsibility that is vast and vital.

We must supply the increasing flow of steel needed to build thousands of miles of new highways, thousands of new schools, and other resources required by a swiftly expanding population.

Steel must power the great sweep of advanced new products and services now standing at the horizon for virtually every family in America. Steel must continue its key part in the development of nuclear power, in electronics, and chemistry, and the search of outer space.

The industry can meet these needs only by going forward steadily with the expansion of its capacity to produce. This year, all estimates indicate an increase equaling, and possibly exceeding, the increase of last year. Plans for 1958 are no less ambitious. And we know that, over the long range, if the goal should be to keep output abreast of population, even at today's per capita use, capacity must be added at a rate of at least three million tons a year.

It is important to plan for this growth, but it is equally important to keep before the American people this clear fact: that the problems of paying for such growth are becoming increasingly critical.

Cost-Price Inflation

At the root of these problems, very largely, is the incessant cost-price inflation of the past decade. The steel industry's modernization and expansion program during this decade, in which 42 million tons of new steel capacity were built, would have cost roughly $5 billion at construction costs prevailing in 1946. Actually the cost has been higher to the extent that, for the same facilities, $3 billion of additional expenditures have been required. And I need not tell *you* that this upward pressure is continuing.

At the same time, for all corporate business, and in terms of actual dollars, the profits from which a great part of growth money must come have been declining. From 1950 to the beginning of this year, the national income rose 43%. The cost of compensation of employees, in actual dollars, went *up* 55%—but corporate profits went *down* more than 5%. Looked at another way, the share of the national income going into employee compensation increased from 64 to 70%, while the share in corporate profits fell from 9 to 6%!

Behind these figures—certainly with respect to the steel industry—is the clear fact that wage costs are rising far beyond increases in productivity. This fact may be all too evident to *us;* but there is urgent need for better public understanding of the problem.

The benefits of increased productivity, we know, should generally be shared in three ways. They can go, first of all, into decreasing the price of the product to the consumer. (And the consumer, of course, includes all workers.) They can go into increasing the worker's wage. And they can go into profit that will be used to pay investors for the use of their money, and to maintain and enlarge the business.

Up until World War II, steel prices either were decreasing or remaining close to the levels of 1900—while wages advanced, and capacity was steadily enlarged. Productivity increases were being shared in ways that brought growing benefits to all.

But in the years since 1946, labor has demanded and obtained wage increases that leave no margin for sharing the benefits of increased productivity with consumers. These demands have steadily exceeded the productivity improvement—have been so heavy, indeed, as to force price increases on the industry in order to meet the wage schedules.

All such excessive demands on the industry are not only inflationary, but are ultimately cancelled out in large measure by inflated dollars. Increasing harm is therefore done to the worker, the consumer, and the industry itself. The worker is affected because he will one day be living on a fixed dollar income set by social security and pension savings. The consumer (who, again, includes the worker) is affected because he must face constantly rising prices.

Depreciation Needs

The industry is affected because its earnings are inadequate for the replacement and expansion required, while the costs of replacement and expansion continue to rise.

This is a situation of serious consequences, but unfortunately the problem does not stop even here. At the Institute's meeting a year ago, I devoted the sum total of my remarks to the subject of depreciation. What I said then applies just as strongly now—in fact, *more* strongly because another year has gone by without relief. Replacement costs have gone up further, but replacement allowance under the Federal tax laws remains unchanged.

Steel companies, therefore, continue to recover only the original cost of worn-out equipment—even though the cost of replacing it has multiplied two or three times.

We must point out again the worsening effects of this tax policy. The steel companies are being required to use a greater and greater part of their so-called profits just to replace facilities as they wear out. Funds that should be available to help insure growth for the future are going into the high cost of standing still.

This cost for steel is larger than would be necessary in many other industries that are not so heavily invested in long-life facilities. But this only means that industries like ours are caught in an extremely inequitable situation, because our capital is more heavily taxed away as it turns over more slowly through depreciation.

It also means that an entirely false impression of industry growth, in terms of profits, can be given to the public—unless the real nature of these "phantom profits" is made clear. There must be a wider and a better understanding of the fact that a large part of what must be reported as profits subject to taxes is *actually* not profit at all, but an irrecoverable cost of doing business.

These, then, are reasons why it is hazardous for any Americans to be lulled into the assumption that growth is automatic. If labor leadership assumes that industry and the economy will continue to grow indefinitely despite constant cost-price inflation, there is mounting danger ahead. If needed legislation is ignored in the belief that growth is inevitable regardless of the depreciation burden, industry's expansion can be seriously impaired. If there is lack of public understanding of these basic problems, the problems will increase and the growth of our economy will be affected accordingly.

Understanding Required

That is why we need to continue to promote a widespread understanding of the facts. It is native to the American people to associate *growth* with *responsibility:* and we in the steel industry have confidence in the future because we believe so deeply in the historic ability of the American people, fully informed, to make free and dynamic decisions in the best interests of the nation.

We believe there will be *great growth* in America in the years ahead—not because it is simply "in the cards"—but because every American who is genuinely inspired by the opportunities of *growth* will work devotedly for it.

We are confident the iron and steel industry, conscious of its responsibility, will go forward in the tradition of its First Century of Service. Steel will grow *with* and *for* America — fulfilling its basic part in the achievement of the bright promise of America's future.

Continued from first page

Stock Market Outlook Until And After Dynamic 1960's

to commit these funds as they become available because the professional investors are almost unanimous in believing that:

(1) The rising buying power of the public will maintain business during 1957 and the years immediately ahead at a very satisfactory level—plateau is the usual term.

(2) The dynamic prospects of the 1960's which rest upon the sharp rise in the population curve—particularly the spiral ahead in family formations—and the technological advances that are almost sure to develop out of the scientific breakthroughs of the 1960's will result in excellent business opportunities.

(3) The buying power of the dollar can be expected to continue its long-range decline — a fact which almost forces portfolios to buy a predetermined percentage of equities as a necessary hedge against inflation.

(4) The best investment protection against these developments lies in the equities of the best-managed companies—particularly those possessed of raw materials and demonstrated research competence.

Plateau

While 1957 has not experienced anything comparable to the booms which hit consumers' spending in 1955 and plant expansion expenditures in 1956, business has operated during the first quarter at a very high level. Industrial production, as measured by the Federal Reserve Index, is down only about 2% in spite of the continued rolling correction that has lowered the output of homes, autos, radios, TV's, and appliances. Consumption, as measured in dollars by the Gross National Product, is up about 5%. This reflects, in part, the higher 1957 price tags. It also reflects the working off of the business inventories built up in the final months of 1956. As the year progresses, is now seems likely that the momentum of business will pick up slightly, because:

(1) Wages are being raised substantially, which will provide a higher level of purchasing power next fall.

(2) Business inventories will have been adjusted.

Institutional investors have come to put an increasing reliance upon the economic consequences of the national purchasing power—the bulk of which lies in the hands of our 63 million work force. Everyone appreciates that working conditions over the past 20 years have been immeasurably improved, but investors are also coming to recognize that employment stability has been tremendously improved by:

(1) The built-in social supports like unemployment insurance, social security, pensions, etc.

(2) The occupation of the greatest segment of our working force in the stable clerical and service lines of work, rather than in the far more cyclical factory work which has always been paid on an hourly basis and which represented the bulk of the work force a generation ago.

Based upon the prospect that our national purchasing power will be sustained, investors generally expect business to continue at a high level over the next several years — a prospect often described as an economic plateau.

The Dynamic 1960's

Most institutional investors expect this plateau to be followed by a breakout on the upside, for the 1960's are expected to be both dynamic and profitable. Our domestic markets are almost bound to expand with the 25% increase which our population curves forecast for 1970. But the dynamics are expected to develop out of the 70% spurt in family formations as our huge baby crop reaches the marriageable age. This will supply an almost insatiable market for homes, cars, appliances, and the industrial raw materials upon which they are based. In addition to this over-all growth, investors have every reason to expect tremendous new investment advantages to develop out of the technologies being pioneered today, which include the transformation of:

(1) The atomic bomb into atomic power.

(2) The jet bomber into safer, faster, and cheaper air transportation.

(3) The electronics, developed to guide the missile, into guidance systems for industrial production automation.

(4) The high temperature metals from specialty to more general applications, which will spiral the tonnages used.

In addition, the frontiers of chemistry will be expanded to create entirely new products, and new drugs will be found to improve the health and happiness of our people.

The dynamic prospects of the 1960's provide the most positive

reason for buying blue chip equities today.

Inflation

The loss of more than one-half of the dollar's purchasing power has vastly altered the attitudes of professional investors toward common stocks. Blue chip equities no longer are viewed as speculative as compared to high grade bonds. They now are viewed as necessary components in every well-balanced portfolio. Investment trusts are overwhelmingly committed to common stocks. Pension funds are averaging to invest nearly one-third of their spiraling resources in the blue chips. Trust departments of banks are taking greater advantage of the 1950 revision which allows them to invest up to 35% of their personal trust funds in common stocks. Even the insurance industry is turning to equities, with the Prudential seeking to sell "variable annuities" whose reserves will be entirely invested in equities.

While inflation has cruelly harmed the well-being of pensioners, the bulk of the 63 million work force have seen their buying power rise much faster than the cost of living over the past 15 years. The same is true of the investors in our leading corporations. The market value of the Dow Jones Industrial Averages has risen fourfold since 1940, from 111.84 to 521.05. Both the earnings and the dividends have tripled — earnings from $10.92 to $33.23, and dividends from $7.06 to $22.99. The advantages gained by most employees and by most investors have been so rewarding (this is recognized by professional investors), that they are not yet aroused to the dangers of inflation. It might be noted that the size of the budget submitted by our "Businessman's Administration" has done nothing to calm professional investors' concern with the subject of inflation, which is the most compelling negative reason for buying common stocks.

Equities

The institutional investors have committed the bulk of their funds in the shares of about 500 blue chip leaders. These companies are distinguished for a variety of very tangible reasons including established trade names, customer's good will, strong treasuries, superior facilities, the ownership of huge reserves of valuable natural resources, and proven research and engineering know-how. With some $5 million a day of new funds to invest, the institutional buying has given these shares an unprecedented stability during recent years and the assurance of continued investment support whenever their market prices fall to levels that provide dividend yields and price times earnings ratios which appear satisfactory to the institutional investor—even though they may seem unrewarding to many private investors.

The market experience of Alcoa over the past year provides a splendid example. Driven by public enthusiasm over the expansion programs announced by the aluminum industry, Alcoa spiraled to a high of $133 in spite of the fact that the $1.60 provided a yield of only 1.2%.

With the advent of higher interest rates, Alcoa's market price broke sharply since the dividend return was unacceptable to the institutions. Yet this winter, a block of 250,000 shares was marketed on a 2% yield basis by Chairman Davis, during one of the weakest days of the "hair curling" depression scare. However inadequate a 2% dividend yield may appear to an individual investor, the record indicates the existence of a very sustaining institutional demand at that rate of dividend return for stocks enjoying a prestige comparable to Alcoa's.

As will be shown, the earnings, dividends, and market price of the shares of these blue chip leaders have so outperformed the gains made by general industry that they have warranted the confidence placed in them by the institutional investors. The prospects include a relatively high level of business for the next several years, a dynamic forward movement for our entire economy in the 1960's, and a continued decline in the purchasing power of the dollar over the years ahead. Therefore, it seems clear that professional investors will continue to feel that these blue chip equities provide the soundest solution to the investment problems which will have to be faced.

Limiting Factors

As balancing factors which will prevent the four sustaining factors from creating a runaway New Era psychology, we find four limiting factors, which are:

(1) The tremendous postwar increase which has occurred in all types of private debt.

(2) The possibility of a foreign currency crisis developing out of the Suez crisis.

(3) The implications of higher interest rates.

(4) The profit squeeze which the majority of our corporations have felt as their costs have tended to rise faster than their prices.

Debt

Our business cycles may be conservatively divided between the periods when the American people:

(1) Go blithely into debt, and in so doing artificially expand their buying power.

(2) Must scale down, by either drudgery or default, the excesses which have been built up within the debt structure.

Against this historic background, it is discouraging to find that our own private debts rose by 180% to $400 billion between 1945 and 1955. While the $30 billion spiral in consumer loans has attracted a great deal of critical comment, mortgages rose by $94.5 billion and corporate debt by $111.5 billion. These are the net debt figures as prepared by the Department of Commerce, and exclude the very significant duplicate totals. While the official net debt figures for 1956 are not yet available, it is safe to forecast that they have risen again but at a slower rate than in either 1954 or 1955. The one mitigating circumstance in the debt situation is the fact that today most forms of debt provide for their own periodic liquidation during the useful life of the assets upon which they are based. The amortization of debt is the great credit lesson learned during the depression, and it makes today's private indebtedness far more realistic than was the case in other periods of boom. By supplying the lending institutions with a steady stream of repayment funds, their liquidity has also been immeasurably improved. However, the spiral in our private debt structure must alert professional investors to the fact that all segments of our economy are far less liquid than they were at the end of the war.

International Problems

The foreign picture remains discouraging even though Europe has weathered the Suez crisis without experiencing a fuel crisis that might have caused an industrial shutdown. Nevertheless, the Suez crisis has served to critically deplete the financial resources of both Britain and France. While the canal is reopening on Nasser's terms, the stresses in the Middle East are such that the flareup in Jordan is probably only one in a series of crises that will have to be faced.

The real disappointment in the world picture is that after eight years of record-breaking trade Britain and France are in such precarious financial condition. The trade boom has rested to a great extent upon the $55 billion generosity of the American taxpayer in regard to financial programs of relief, economic aid, and finally, military assistance. Because of the great dissatisfaction which has developed over the budget, it is probable that a good part of the proposed slashes in our foreign aid may be enacted by the present Congress.

Regardless of the philosophical merits of the case, a slash in our foreign aid cannot fail to embarrass both England and France, whose gold and dollar reserves have fallen to perilous levels.

Even the most radical cuts in the British military expenditures can hardly be expected to halt her economic decline, due to the fact that their rising costs have been pricing British goods out of the world markets. If the present 10% round of wage boosts actually goes through, their future disadvantage will be even greater. While France has a better-balanced economy, the cost of her continuing war in Algeria is bleeding her financially. There are no present signs that these adverse factors are being altered, and unless they are altered it would seem that both countries are heading into a currency crisis. The record shows that our markets over the past 30 years have never discounted foreign problems in advance. Therefore, the investor does not need to be too forehanded in preparing for the currency crisis even though it seems to be in the making.

However, it does seem reasonable for the private investor who is not too familiar with foreign affairs and currency problems to limit his risks by avoiding investing in companies with more than, say, 20% of their sales outside the United States and Canada. Exceptions might be made in the case of companies making such critical materials as ethical drugs, metal alloys, and very strategic machinery and equipment, where the total dollars involved account for only a small fraction of the import needs of other countries.

Higher Interest Rates

Interest is essentially the earning power of money. In the past, the trend of the earning power of money has tended to forecast the trend of its buying power. The collapse of interest rates in the late 1930's almost inevitably foreshadowed a considerable drop in the buying power of the dollar. World War II, the Korean affair, and the postwar boom have only accelerated and intensified the downward trend of buying power which was inherent in the monetary relationship that came into being after 1935. Therefore the distinct trend toward higher interest levels, which has been in force for nearly three years, is an important investment consideration.

This firmer trend appears to have reality based upon the relationship of supply of and demand for credit, since the loans and discounts now exceed 60% of the deposits of most of our leading banks. With risk assets at such a high level, these banks will have to raise new equity capital if they are to continue to expand their loans and discounts. Therefore, the potential supply of bank credit is no longer far in excess of the banking needs of the business world. Higher interest not only makes it more costly to swing our private debt structure, which has increased so tremendously, but it may foretell at least a temporary halt in the rise of the industrial price structure. Since there is no foreseeable relaxation in the pressure for higher wages, (Mr. Reuther has disconcerting plans for 1958 negotiations) even a temporary stability in our price structure would place additional pressure upon corporate profit margins.

Although the current peak may be passed there is little likelihood of interest rates collapsing as in 1953-1954.

Profits

Profits and costs are the most pressing investment problems. For the past eight years corporate profits have not kept pace with the postwar business boom. In 1948, all corporate profits after taxes totaled $20.3 billion, which amounted to 6.7% of the Gross National Product. By 1956, the Gross National Product had risen by $203 billion, while all corporate profits after taxes were up only $1.4 billion — an amount equal to only 0.7% of the increase in the Gross National Product.

Although the profit squeeze is the main cause, there are several factors bearing upon the indifferent performance of corporate profits, including the facts that:

(1) The service lines—the fastest growing economic segment—are run by entrepreneurs, professional men, and nonprofit organizations rather than by corporations.

(2) Corporate taxes are now 52% vs. 38% in 1948, but there is little chance of a substantial tax reduction ahead.

(3) Corporate profits were penalized in 1956 vs. 1948 by—

(a) the more general adoption of LIFO accounting, which has eliminated a good share of the inventory profits which would otherwise have developed from our rising commodity price trends;

(b) the higher depreciation rates which so many companies have adopted since 1954, plus the tax amortization charges on facilities built for the military emergency that has existed since Korea; and

(c) the far higher expenditures being made today for research and development.

While not all corporate profits have kept pace with the growth of our economy, the results of the great and progressively managed corporate giants have kept pace adequately. This is surprising, since these are the companies which have the largest stakes in the higher LIFO, amortization, and research costs of the past decade. Yet, the table below shows how much faster earnings after taxes of the 30 Dow Jones Industrial stocks have risen in recent years than have the total corporate profits.

Profits After Taxes

Year	All Companies	30 Dow Jones Companies	Dow Jones As % of All Corporations
1956	$21.5 billion	$5.1 billion	23.7%
1949	15.8 billion	3.1 billion	19.6%

This 66% boost in the profits of the 30 Dow Jones Industrial stocks compares with a gain of only 36% for all companies, and reflects the ability to increase their sales and profits in line with the tremendous increases which they have made in their property accounts, as shown in the following table:

30 Dow Jones Industrials

	$000,000,000			Per $1.00 Gross Property	
Year	Gross Property	Sales	Net Income	Sales	Net Income
1956	$55.0	$62.3	$5.1	$1.13	$0.092
1949	28.6	32.9	3.1	1.15	0.104

The ability of the 30 Dow Jones companies and other comparable industrial leaders to keep abreast of the growth in the economy has been due to the fact that they have introduced new and better products as a result of their outstanding research and development work. The new products of the research leaders have been so well received that these corporations have been able to maintain their profit margins despite the general profit squeeze faced by the less progressive companies, numbering in the hundreds of thousands.

Investors will continue their confidence in the blue chip equities, unless and until the profit squeeze which is being felt by general business should start to cut into the earnings results of these leaders. The record shows that the institutions have continued to hold the bulk of their blue chip equities in spite of the substantial setbacks which many of these stocks have experienced marketwise since early April 1956. However, with the profit squeeze becoming so general, it can be expected to influence the thinking of professional investors to the extent of limiting their purchases and keeping them from developing a dangerous New Era type of investment philosophy.

Balance

While it probably will take the dynamics of the 1960's to carry the market out of the present broad trading range on the upside, it should be recognized that the resistance levels of last February are also pretty thoroughly established. Although the market as a whole may be confined to these broad limits for the foreseeable future, logic still favors the continuation of a Positive Investment Policy. During the period of economic plateau that is expected for the foreseeable future, there are interesting groups of individual companies that have every prospect of running ahead of the economy. For those primarily interested in investing for the longer term, there are even more impressive companies whose performance may be expected to contribute significantly to the dynamics of the 1960's.

Selections

For the period of economic plateau that may very well be faced with foreign crises and poorer profit margins, investors would be advised to center their selections on companies which have:

(1) A record of business stability.

(2) Low labor costs.

(3) Promising new products to be introduced. Or,

(4) A convincing record of having re-established their profit margins during the difficult period of the past 18 months.

In order to participate in the dynamic 1960's, investors should center their attention upon companies which can be expected to share in:

(1) The demands arising out of the 70% boom in family formations.

(2) The enhancing value of economic raw materials.

(3) The technological developments surrounding atomic power, the jet engine, electronics, chemistry, and medical advances.

Detroit Secs. Dealers 22nd Summer Outing

DETROIT, Mich. — The Securities Dealers Association of Detroit and Michigan is holding its 22nd Annual Summer Outing on Tuesday, June 18, 1957 at Western Golf & Country Club, Kinloch Road, Redford, near Detroit, Mich.

With Empire Inv. Co.

(Special to The Financial Chronicle)

DENVER, Colo. — Joseph P. Strank has become affiliated with Empire Investment Company, 711 Seventeenth Street.

Continued from page 3

Free Climate of Initiative for Atomic Energy Development

reaping substantial dividends from atomic energy, both financially and in terms of the increased welfare of our people. These dividends are in the form of benefits to industry, medicine, agriculture and research from the use of radioisotopes.

The Atomic Energy Commission

We recently conducted a survey from which we learned that American industry is presently saving an estimated $400 million a year through the use of radioisotopes to improve the quality of its products and services. The benefits to agriculture, through the betterment of crop strains and the combatting of pests and plant diseases, is calculated at another $200 million a year. Thus, the benefits to industry and agriculture have a dollar value of well over a half billion dollars annually as of now.

The extent and variety of the industrial uses of radioisotopes are growing so rapidly, however, that there is reason to believe that, within a few years, the savings to industry alone — not including the benefits to medicine and agriculture—will repay the American people for their entire investment in atomic energy including our weapons program.

The benefits to medicine in the diagnosis of human ills, the alleviation of suffering and the increasingly effective treatment of diseases cannot, of course, be valued in terms of dollars. Somewhere between 800 thousand and a million patients are being treated with radioisotopes each year and medical authorities tell me that atomic energy already has saved many more lives than were claimed by its destructive use in war.

Affinity of Two Industries

In the commercial development of atomic energy, a strong affinity exists between atomic and steel industries, and there is much that they can do to assist one another, to their mutual advantage and to further peaceful progress and human welfare. After all, the iron and steel industry, from its earliest beginnings, has been dealing with atomic phenomena. Iron is a metallic element of the atomic number 26 and represents a mixture of four isotopes. The many problems in respect to the behavior of iron and steel under various temperatures and in alloy with other elements, are performance characteristics of the outer shell of atoms.

For example, scientists are presently investigating the forces which bind the atoms of iron together, and are seeking to rearrange those atoms in more nearly ideal crystals in hopes of one day producing metals better than any now known.

The analogy can be carried another step, for there is also a similarity about the origins of the two enterprises.

The controlled fissioning of the uranium atom opened the way to the application of atomic energy. Yet this accomplishment was not an evolutionary process such as produces most of our industrial achievements. Nuclear power, and the many other beneficent applications of atomic energy, would have come about ultimately as a consequence of the progressive enrichment of knowledge, and the applications of that knowledge. But that ultimate fruition would have required many more years to accomplish, had it not been for the exigencies of war.

Iron too, in the years following its discovery and use, was a military monopoly. You may remember reading in the Bible that the Philistines had learned the secret of working iron and to maintain the monopoly permitted no blacksmiths among their neighbor nations. As Scripture tells it:

"Now there was no blacksmith to be found throughout all the land of Israel, for the Philistines said, 'Lest the Hebrews make for themselves swords and spears.' And all the Israelites had to go down to the Philistines to sharpen every man his plow share, his coulter, his axe and his mattock." (1 Samuel XVIII: 19.20.)

Down through the ages, until fairly recent times, iron was treated primarily as a material of war, in much the same manner that atomic energy was regarded at its birth.

The first efforts to manufacture iron in Colonial America were encouraged by the British Government largely for military reasons. Iron was important to the British military posture but as a result of iron manufacture, British shipbuilding suffered. Timber needed for ships was threatened because of the consumption of wood to produce the charcoal needed for iron making. Thus it was that early in the 17th Century Britain prohibited further domestic timber cutting for iron making, and turned to encouraging an iron industry in the Colonies.

And so it came about that the first iron-making ventures in this country were subsidized projects, established under Crown patents. The Company of Undertakers organized in Massachusetts in 1643 received a 21-year iron-making monopoly the subsidy for which included not only exemption from taxes but also from military service and "watching for Indians." Iron workers were even excused from attending church—provided Sabbath services were held at the iron works.

Early U. S. A. Subsidies

When the American colonies made themselves into a nation, however, public policy took a new direction. The rights of the individual and his decisions in economic affairs became dominant to the economic dictates of the state. Such assistance as the new states granted was concentrated on the development of transportation, while the young Federal Government confined its support to the manufacture of arms, fisheries, shipping and shipbuilding.

This is not to say that the iron industry did not continue to benefit from government support, but it gradually became indirect support in contrast to the outright grants and subsidies that had cradled its beginnings.

The support given by the Federal Government to arms manufacture, transportation, shipping and shipbuilding — as exceptions to the free enterprise economy proclaimed in the Constitution — were made on the basis of national defense. That is a justification which has become time-honored.

For example, in 1798, faced with the threat of war with France, Congress appropriated $800-thousand for the purchase of cannon, small arms and ammunition and made advance payments to the manufacturers against delivery. In fact, until 1850, the most important source of capital for small arms manufacturers in this country was government advance payments on orders.

Had it not been for war and the government's orders for armaments, Bessemer steel might not have been produced in any important quantities in the United States as early as it was. During the war between the States, the Assistant Secretary of the Navy, anxious for more iron clads, urged that a Bessemer works—patterned after those then operating successfully in England and on the continent—be built without delay in the United States, and two years later the builders of the Monitor produced at Albany the first substantial order of steel made in this country by the Bessemer process.

Therefore, the significance of indirect government support in the growth and prosperity of the steel industry must be recognized. Likewise the era of vast government support and subsidy for the building of our railroads — and particularly the demonstrated success of the steel rail at the close of the Civil War—provided a strong influence for the growth of the steel industry.

As rapidly as possible, however, the iron and steel industry elected to stand on its own feet —a testimonial to Thomas Jefferson's belief that "agriculture, manufacturing, commerce and navigation, the four pillars of our prosperity, are the most thriving when left most free to individual enterprise."

By the middle of the 19th Century, the iron and steel industry had ceased to rely on arms-making. Mills and their equipment which had been intended exclusively for the making of weapons were adapted to the manufacture of agricultural machinery, and a multitude of objects of peaceful daily use. As a result of this beating of swords into plowshares, what had been largely an arms industry was, by 1880, ready to devote its resources, skills, and machines to the coming age of electricity, later to automobiles and still later to airplanes.

It is interesting to recall at this point that while the business of making iron and steel was able to escape from its constricted identity as a government-supported industry more than 100 years ago, other industries were not so fortunate. You are familiar with the histories of those where the effects of paternalism by subsidy have resulted in more long range harm than good and where, given hindsight, it would have been preferable to have done without it.

Role of Governmental Aid

This is not to argue that there ought to have been in the case of every industry a definite and outright choice between sole reliance upon government for the decisions of economic life and sole reliance upon individual or private decisions. The choice is not, I think, between clear-cut black and white, between private enterprise and government ownership. The alternatives are not that uncomplicated.

There has never been a system in which governments were not required to carry on some economic activities, nor one in which some reliance was not placed on the initiative of private individuals — witness even the "tolerated" black markets in communist states. Moreover, it is possible to conceive of an almost infinite variety of combinations of those divisions of responsibility, governed by times and conditions.

Cooperation between government and industry is essential, in peace no less than war, if our progress is to be sound and of the greatest benefit to all our people.

Within our lifetime, the United States has been compelled to assume new and staggering responsibilities. More by force of circumstances than by choice, we have become a leader among the free nations engaged in the task of protecting the fabric of political, economic and intellectual freedom.

Our ability to do this, for ourselves and for others, is, I suppose, the most remarkable manifestation of ingenuity in history. It has made it possible for us, with 6% of the world's population, to produce nearly half of the world's goods and services. As a more particular example, it has made it possible for us to produce 115-million tons of steel a year—more than 40% of the world's total output.

It is not easy to analyze the nature of this complicated, massive, versatile and ever-expanding productive force. Made up of mines, machines, factories, ships, highways, railroads, airplanes, farms, forests and laboratories, all animated by human ambition and controlled by ethics. It is a way of life. In pursuing that way of life, it is at times difficult to fix the line which divides the public needs of government from the private responsibilities of businesses and individuals.

We all recognize that each cannot go its separate way, one independently of the other. **Research** under government direction has produced much enormously valuable knowledge for industry. **Information,** government-gathered and disseminated as, for instance, crop and price data supplied by the Department of Agriculture, data on sales, orders, shipments and inventories correlated by the Department of Commerce, and employment and cost of living figures provided by the Department of Labor, and the financial and industrial information gathered by the Federal Reserve Board and the Treasury—all these activities serve every segment of our economic structure. Such forms of assistance, for the impartial benefit of all our people, are not in the same category with special treatment and special privileges for particular segments of the economy.

Rationale of Government Encroachment

Government intervention by way of special treatment sometimes occurs in a particular field of endeavor by establishing itself as the manufacturer or supplier in direct competition with the system of free enterprise. This involves government ownership or operation, or perhaps both. Usually it is justified on the grounds of national defense and security as in the case of railroads and some ocean shipping during World War I. But there is another argument used to justify such encroachments, as in the case of power. It is that such industries are essential and dependent upon natural resources belonging to the people, for which reason they must be developed by government. This, of course, is a rationale that is susceptible of being carried to very extreme limits.

It has become commonplace to say that few things have a greater capacity for growth than a government agency or bureau. Once government invades an area of industry—whether wisely or unwisely—subsequent and rapid expansion seems to be the pattern. Functions in a bureaucracy tend to multiply. Those who are benefited begin to feel a vested interest and organize to protect their gains. Opposition which may be strong when the government first assumes a new type of competition with its citizens tends to weaken with time. Finally, a general principle is established and the public, possibly through lethargy, comes to accept what was an innovation as a part of the national economic fabric.

Growing Reliance on Big Government

Perhaps one explanation for the public acceptance of—or at least the waning public opposition to—government ventures of economic competition and interference with the principle of competitive enterprise, is a socialization — not alone of the economy — but of the individual attitude as well. By this, I mean a growing willingness of the individual to rely upon the government to provide all the answers.

It is evident that many persons, even though they believe in the principle of free enterprise, are willing to accept increased government regulation to an extent that would have appalled their more independent forebears. The clear danger is that excessive reliance upon government, while it may appear to make life easier, is at the cost of the surrender of national vitality.

I mention this growing reliance upon Big Government because it involves a decision which must be made by the American people and their elected representatives in respect to the new industry of atomic energy.

People's Current Choice

The choice is whether the peaceful uses of atomic energy are to be developed in the framework of the competitive economic system — and thus benefit from the rapid expansion and cost-cutting incentives such as have characterized the iron and steel industry—or whether the atomic energy industry is to lapse back into the embrace of government with all that is entailed in so doing.

The promise of widest immediate appeal in the development of atomic energy—although by no means the only one—is, of course, the opportunity for abundant, cheap and safe electric power.

There is not, in the United States, the same urgent need for nuclear power that exists in many other countries where fossil fuels are not locally produced and are subject to the high costs of importation. For such fuel-deficient countries, the present high cost of atomic power here is of secondary concern.

We, on the other hand, are fortunate in that we have abundant, atlhough not inexhaustible, reserves of coal and oil—fortunate not only because they presently afford us energy at a reasonable cost, but because they allow us time to continue research and development on a whole series of different design concepts for nuclear power plants. We can afford to seek the reactors of optimum efficiency and reliability, and strive to produce not the largest number of electrical kilowatts, but the **cheapest** kilowatts at the earliest possible date. This is not only our opportunity; it is our responsibility, to our own economy and welfare, and to that of friendly nations.

1975 Power Picture

Estimates have been made that nuclear power will become competitive with that produced in conventionally fueled plants in most sections of the United States in 20 to 25 years by which time we will have 227-million kilowatts of installed **nuclear** capacity, or nearly one-third of our entire national output of electricity.

Presented in a slightly different way, that prediction means that the nuclear power capability of the United States will then greatly exceed today's total installed electric-generating capacity with all fuels.

There are those who contend, in the face of what American industry already is doing in the development of nuclear power—either independently as a full-risk enterprise, or in partnership with the government — that industry cannot be relied upon to do this job.

There are others who are more direct in their opposition to reliance upon free competitive enterprise and who argue that, energy being basic to our national security and progress, the production of energy is a prime concern of government. They go further, however, in their belief that

a Federal program of nuclear power development somehow promises results not to be obtained under the system of individual enterprise, and that an all-wise government need not spare expense, nor the drain on scarce scientific manpower, to produce that energy in large amounts now.

Some believe, despite all the evidence of history to the contrary, that the State can move more expeditiously into whatever technological fields it deems appropriate, for whatever program it wishes to launch, and then—at some vague future date — relinquish its monopoly after it has shown private industry how the business should be run. This presupposes that the particular private industry can hibernate and survive.

It is difficult for me to see on what the assumption is based that free enterprise is incapable of doing the job.

The United States is the largest producer of energy in the world. Soviet Russia, our nearest competitor, has barely one-fourth the capacity we possess. In the past five years alone, American power companies have installed new capacity which equals the total of Russia's capacity. We have, in fact, more electric capacity than the next seven countries of the world combined.

Who has accomplished this? In the main it has been the achievement of companies directly owned by millions of American citizens. Technology, processes and machines, however marvellous, cannot unleash the energies of our people if, in their development and use, we undermine the climate of political and individual freedom, indispensable to future creative endeavor.

There is before us now a decision, which differs only slightly from decisions which hitherto have confronted us in the 181 years of our national existence. This issue is, are we to fit atomic energy and its bountiful promises into the traditional structure of our society? Or shall we use the excuse of the new problems of the atomic age to alter that structure?

* * *

How Dominant A Role?

Atomic energy, conceived of a marriage between war and science, was born in secrecy and Government monopoly, under circumstances which were most inauspicious for its development in a climate of free enterprise.

Even after the wartime cloak of secrecy was laid aside in 1946, and the original Atomic Energy Act was written to govern nuclear development, there appeared to be the intent until its amendment in 1954, to preserve the Government monopoly.

Of course the development, production and stockpiling of atomic weapons, which by law is the "paramount responsibility" of the Atomic Energy Commission, must continue to be a monopoly of the Government; there is no alternative to that in a world in which controlled, inspected, safeguarded nuclear disarmament is still a hope deferred.

Furthermore, it is widely accepted that—at the present stage of our technology — Government and Industry must work hand in hand in developing the atom's peaceful uses, including Government assistance through research and experimental development for the benefit of all industry.

Therefore, the question is not whether the Government is to play a role, but how dominant a role and by what methods.

Unrestricted, unregulated private operation and control of the peaceful uses of atomic energy is neither advocated nor even possible. The other extreme of complete Government monopoly of ownership and operation is loaded with the shortcomings which we have discussed. Indeed were the Government to control what is potentially the most important future source of power, it would, in time, be able to dominate a large part of the nation's economic activity in contradiction of the traditional structure of our society.

During the war and for nine years following the war, atomic energy, although a Government monopoly in ownership and control, was operated by private industry under contracts without cost-cutting incentives.

Some who now oppose reliance upon private industry to lead the way in the development of power appear to favor Government ownership and control, but with private industry doing the actual work under contract. That at least is the basis for some proposals advanced during the past year for a program of Government-financed and Government-operated nuclear power plants.

Fourth Alternative

There is, however, a fourth alternative which avoids the disadvantages of the three courses I have just mentioned. It is a course which relies upon a continuation of the partnership of Government and Industry that has been tested during the past three years and has met that test by producing results.

We have the opportunity, by means of this proven formula, to use the vitality and ingenuity of industry to reach our goal of plentiful, safe, economic nuclear power at the earliest possible date.

However, since it is recognized that the development of nuclear power is not a purely domestic affair but is related to both our prestige and our responsibilities in the world, as I have consistently advocated, the Government should be prepared on a "stand-by" basis to undertake the development of any promising concept of nuclear reactor if private industry proves either unable or unwilling to assume the risk. Such a situation has not arisen, and I am hopeful that it will not arise.

Cites President Eisenhower

This is a process of partnership which conforms to the philosophy of President Eisenhower, as set forth in his budget message. He had formulated it earlier, on Oct. 15, 1955, when to the National Industrial Conference Board he said:

"There is no monopoly — and we seek no monopoly — in the harnessing of the atom for man's benefit. Rather, we seek to encourage participation in that task. In particular, we want the maximum participation of American industry. Our standard of living is the product of its tools and techniques. The magnitude of the return which can be realized by the application of those same tools and techniques to the new field of atomic energy is immeasurable."

Government participation will be required for years to come—in technical training, in support of basic science and in the encouragement of science education. Government assistance to industry in the form of research will need to continue, particularly until **economic** nuclear power has been demonstrated. Once this is achieved—once we have reached the point where the profit incentive comes into full operation—then private capital may be expected to assume full responsibility, not only for the production of nuclear power which is now beginning, but also for all the essential supporting industries.

When we have reached that stage of our nuclear development —perhaps in 1975 or 1980 (and the calculations of the experts may be on the conservative side) —we should then be able to eliminate Government supports, guarantees and controlled markets in the field of the atom's peaceful uses.

Furthermore, it may well transpire that by exerting the fullest measure of free resourcefulness, we will be able to contribute most of the fulfillment of the noble concept of Atoms-for-Peace, for Freedom is undeniably our greatest asset; we must exhibit our belief in it to the world.

It is interesting to speculate on what would have been Mr. Schwab's response to the challenges of the Atomic Age and the problems which have come with it, had he lived to experience in them. I have always looked with skepticism upon those who feel that it is possible to state with assurance what a figure of history would do or say under modern conditions; what, for instance, Napoleon would have done faced with a strategy decision of World War II; what Lincoln would say about civil rights legislation or Jefferson about Federal taxation used to redistribute wealth. But I think it not too uncertain that Mr. Schwab, were he alive today, would champion the development of Atomic Energy in the free competitive enterprise system. That would comport both with his experience and his philosophy.

Our nation has prospered with the protection and blessing of Divine Providence. This well being does not spring from any imaginary advantage of natural resources nor from any fancied monopoly of brains or talent. Our blessings flow from the fount of moral character of our fathers. It has been the American tradition "to toil, to dare, to save" in a climate of freedom which encouraged pride in craftsmanship and rewarded zeal, industry and invention. We do have a real and an inexhaustible natural resource —the inherent vitality of a self-reliant people, free to plan daringly without undue Government restraint.

As a young man, it was my extraordinary good fortune to serve a very great American. Nearly a quarter of a century ago he expressed his convictions in a few words far more cogent than any that I might compose. Therefore, in closing, I should like to repeat them:

He said this:

"The implacable march of scientific discovery, with its train of new inventions presents every year new problems of Government and new problems of social order. Questions often arise whether, in the face of the growth of these new and gigantic tools, democracy can remain master of its own house—can preserve the fundamentals of our American system. I contend that it can; and I contend that this American system of ours has demonstrated its validity and superiority over any system yet invented by human mind."

Those are the words of Herbert Hoover. Had they been spoken yesterday, rather than nearly 25 years ago, one might well assume that he had reference to the particular problems of government and of the social order posed by the discovery of atomic energy.

The principle then so well expressed by Mr. Hoover retains its validity.

Our peaceful progress and prosperity, whether in the enterprise of iron and steel or atomic energy, can match—can surpass—the accomplishments of our productive past if we have the wisdom to safeguard the political and economic system upon which is founded every blessed thing we have.

Joins Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.— Harold T. Dover has become connected with Harris, Upham & Co., 232 Montgomery Street. He was formerly with Reynolds & Co.

Public Utility Securities

By OWEN ELY

Public Service Company of New Mexico

Public Service of New Mexico is one of the smaller "growth" utilities. During the postwar decade revenues have risen from \$4.4 million to \$12.3 million; and in the 12 months ended March 31 revenues showed a gain of 12% over the previous year. The company's average annual increase in load for the five years ended 1956 exceeded 12% compared with the national average of 8%. The population of Bernalillo County (almost the same as greater Albuquerque) last October was estimated at nearly 220,000 which compares with only about 145,000 in 1950. While the population growth for the rest of the service area probably was not as great, it has continued to show substantial increases.

The company last year celebrated its tenth anniversary, but the predecessor companies have served the same area for nearly 50 years. The company serves a population of some 280,000 in Albuquerque, Santa Fe, Las Vegas, Deming and surrounding areas in New Mexico, and also provides water services in Santa Fe and Las Vegas. Revenues are about 93% electric and 7% water.

Albuquerque, the largest city in New Mexico, is the commercial center for a large area in that region. Local industry includes the manufacture of bricks, cement, flour, sawmill products, and machinery. Santa Fe, the capital and second largest city in the state, is primarily a tourist and resort center, as is also Las Vegas, widely known for its "one-armed bandits" and rich night life. The surrounding territory is devoted largely to stockraising and growing of grains.

Industrial expansion in the area has shown a marked upswing, particularly in the field of electronics and other scientific development. ACF Industries, a prime contractor in Albuquerque for the AEC, started only five years ago with 87 employees; today it has a payroll of about 1,200 people and a plant area of 280,000 square feet, with further expansion plans indicated. Government installations and prime contractors for government projects have continued their steady growth with much of their work devoted to classified atomic energy development. A major industrial development was the announcement by Permanente Cement Co. of Oakland, Calif., of plans for a \$10,000,000 cement plant southeast of Belen, N. M.

Oil and gas development, which for some years has been a major source of income in the state, made important strides in 1956. The discovery of major oil fields in the Four Corners Area, which had been noted for its great natural gas potential, was one of the outstanding events of the year. More oil and gas firms are locating administrative offices in Albuquerque.

Construction activity has continued at a high rate and home construction has continued steadily. Among the major buildings either built or started last year were a State Fair Coliseum, a new State Penitentiary, a University of New Mexico gymnasium, a Civic Auditorium and two bank buildings in Albuquerque, as well as two new buildings at Highlands University and major construction at the State Hospital in Las Vegas.

At the end of 1956 the company's net generating capability was 122,000 kw. but capacity is being substantially increased. The construction of a fourth generating unit at the Person Station located on the southern outskirts of Albuquerque was started in 1956 and will be completed in 1957, with an estimated actual capability of 36,500 kilowatts. A new plant called Reeves Station will be built on the north side of Albuquerque. Present plans call for the completion in the early part of 1959 of the first generating unit at Reeves, with an estimated capability of 49,000 kw., and for the construction of a second unit of equal size in 1960.

The company plans to expend about \$35 million for construction during 1957-60 inclusive, of which about \$9 million will be spent this year. No new financing was necessary from 1954 until the present time — the company is currently doing equity financing on a 1-for-10 basis. Common stockholders of record May 20 were given the right to buy additional stock on a 1-for-10 basis at \$13.50, with rights expiring June 12. Some stock is also being offered to employees.

The company's capitalization on a pro forma basis is about 56% debt, 7% preferred stock and 37% common stock equity.

The record of share earnings and common dividends paid in the past five years has been as follows:

Year	Share Earnings	Dividends Paid
1956	\$1.14	\$0.68
1955	0.98	0.68
1954	0.96	0.68
1953	0.75	0.56
1952	0.79	0.56

At the recent over-counter price around 15 and based on the new quarterly dividend rate of 20¢, the stock yields about 5.3% and sells at 13.2 times 1956 earnings.

J. D. Biggers Gov. Of NY Stock Exch.

TOLEDO, Ohio — Election of John D. Biggers, Chairman and Chief Executive Officer of Libbey-Owens-Ford Glass Company, as a Public Governor of the New York Stock Exchange was announced by Keith Funston, President of the Exchange.

Mr. Biggers succeeds Charles R. Hook, Chairman of Armco Steel Corp., Middletown, Ohio, who is completing his term as a Public Governor. Other Public Governors are Charles E. Wilson, a Trustee of the Ford Foundation and former President of General Electric Company, N. Y.; and Frank Hugh Sparks, Chairman of Wabash College, Crawfordsville, Ind.

The office of public governor was created in 1938 to bring to the Board of the Exchange a closer understanding of the pubic viewpoint and interest. The Board is composed of 30 other governors representing the Exchange community, including the chairman and the president of the Exchange.

Mr. Biggers was elected President and director of Libbey-Owens-Ford in 1930 and became Chairman in 1953. He serves as a director of seven other corporations and one bank, and is active in business, civic and philanthropic organizations.

Henry J. Tenaglia With Dean Witter & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Henry J. Tenaglia has become associated with Dean Witter & Co., 632 South Spring Street. Mr. Tenaglia was formerly assistant manager of the Los Angeles office of Shearson, Hammill & Co.

Continued from page 4

Canadian Stocks for Investors And Market Criteria to Employ

able to invest freely in Canada on satisfactory terms, because we need your money and we know it.

Compares Canadian-U. S. A. Stock Performance

But even if Canada, as so many seem to agree, is one of the best places in the world in which to invest, there is no royal road to riches north of the 49th parallel. So, rather than over-glamorize the Canadian investment outlook, I should like to try to place it in something like its true perspective and offer a few practical suggestions about investing in Canadian stocks for the benefit of any who may be considering such action but may lack first-hand knowledge of our markets.

Canadian stock market averages, like their U. S. counterparts, over-simplify the often divergent movements of their components and, of course, cannot represent the issues they exclude. For the latter reason in particular, because of the great variety of natural resource situations subject to special influences of their own, it is usually even less accurate to generalize about the trend of Canadian stocks as a whole than it is to use a sample average of U. S. stocks as being truly representative of what has happened to the New York market as a whole. Nevertheless, subject to these qualifications, a comparison of the broad fluctuations of industrial stock average in Canada and New York does seem to make the point that while the Canadian averages tended to outperform New York during the phase of the bull market which culminated in 1951, the experience of the average investor in Canadian stocks since then has not been so superior as one might have supposed merely on the basis of the more rapid growth trend of the whole economy.

Using the Montreal Stock Exchange industrial average and the Dow - Jones industrial average, and adjusting for fluctuations in foreign exchange, the comparison was definitely more favorable for Canadian stocks up to the 1951 high from either the 1942 low (a gain of 392% vs. 199%) or from the 1949 low (117% vs. 73%). But 1951 marked the peak reflection of the commodity shortages associated with the Korean War, the inflationary pressures of which were felt most keenly by Canada's natural resource economy, and the subsequent slump was correspondingly more severe in Canada. Thus the 25% drop in Canadian industrial stocks from 1951 high to 1953 low was three times as great as the 8% average dip in New York. From that low point to date, the New York gain of 95% has outpaced the Canadian rise of 70%, but for the last year or more there has been no sustained divergence of any significance so far as the averages reveal.

The record thus shows that there have been times in the past, and there may well be occasions in the future, when Canadian stocks as a general rule will offer relatively better value than U. S. equities, or vice versa, although such variation in opportunities may not be determined solely by the general trends of economic activity in the two countries. For the past year or two, however, successful experience in practice has depended on ownership in the right groups in either market, and on owning the right stocks in the respective groups. This has been just as true in Canada as it has in the United States and all the signs I see point to a continued need for the most painstaking care in selection of commitments in either market.

Any investor surveying the Canadian stock markets, of course, quickly appreciates that our lists are top-heavy with stocks of the extractive industries, because the industries based upon development of our forest, mineral and hydro-electric resources constitute such an overwhelming share of our total economy. The secondary manufacturing industries are relatively much less important in magnitude, and in scope for the employment of capital; and while they will grow in relative importance as time goes on and while diligent digging will unearth interesting opportunities on occasion, they will continue for a good many years to be handicapped by the limitations of the domestic market together with their virtual exclusion from the mass market of the United States and their exposure in most cases to competition from imports. On the other hand there are well-defined long-term opportunities in the field of banking and finance and in some of the better retail situations, where the more rapid expansion of population, incomes and living standards has imparted stronger growth characteristics than are apparent in comparable U. S. groups as a generality.

Different Set of Yardsticks

Analysts, however, are keenly conscious of the fact that it is one thing to find a good growth situation but an entirely different matter to find one at a clearly attractive price. And when it comes to prices you will have to use an entirely different set of yardsticks for most Canadian securities, especially those where the principal market is in Canada. This is true not only for the natural resource type of stock where chances for future discoveries are vastly more important in determining market prices than are the standard dividend, earnings and balance sheet ratios. It is equally true of the general run of better-grade industrial and utility stock in Canada for reasons which should be well understood by anybody contemplating using Canadian stocks, because these factors seem likely to decree that for an indefinite period to come there will be a built-in tendency for Canadian blue chips to sell on lower yield and higher price-to-earnings ratios than will prevail for American stocks of comparable quality.

Among the more prominent reasons for relatively low yields and high price-to-earnings ratios habitually commanded by the better Canadian stocks, over and above the premiums normally attributable to growth characteristics, the following deserve special mention:

(1) The total supply of Canadian equities is limited. In the first place the Canadian economy is not as fully industrialized as that of the U. S. In addition, a large percentage of corporate enterprise in Canada is directly owned by outside interests on a more or less permanent basis. It is now estimated that American investors own over three-quarters of Canada's oil and natural gas industries, over one-half of our mining enterprises and over two-fifths of our manufacturing industries, the proportion being even greater in the heavy manufacturing sector. (To take one case, du Pont of Canada at 19, down from a high of 35, still sells at nearly 30 times 1956 earnings while the parent company stock sells on a 24 to 1 ratio, one main reason being that the latter owns roughly 85% of the Canadian subsidiary's stock, which leaves little floating supply to accommodate other investors who want a participation in one of the few good chemical equities available in Canada. Moreover, as a further example of what you are up against in evaluating Canadian stocks, I would not be surprised if du Pont of Canada should turn in a fair market performance over the next 6-12 months, despite its high valuation of current earnings and the severe handicaps to growth suffered by the Canadian chemical companies in common with other secondary industries. That could come about if tire nylon succeeds in taking over a significant segment of the original equipment market for 1958 models, as now seems possible.)

(2) Competing for the limited supply of Canadian equities of investment quality, there is a disproportionately large inflow of capital, especially from the United States but also in sizable amounts from the United Kingdom and Europe. This capital comes to Canada in large part because of the well-publicized growth potential of the Canadian economy and our country's good record for fair treatment of non-Canadian as well as domestic investors. Also, somewhat over $300 million of U. S. money has been invested in Canadian equities since 1954 because of the tax gimmick that was brought to light when your SEC permitted registration, for sale in the United States, of the shares of what are known as non-resident-owned Canadian investment companies. As you know these companies can elect to pay (a) the regular Canadian investment company tax of 15% on their dividends and interest received, or (b) the regular Canadian corporation income tax of 47% on interest and foreign dividends only, in which case dividend income from Canadian companies is tax-free, which is the alternative most attractive to the bulk of the NRO companies.

In either case, as Canadian companies, they are not subject to tax on capital gains. Because they are Canadian and derive no income from U. S. sources, these companies are not taxed by the U. S. at all. Their shareholders are only liable to U. S. tax when they sell their shares, at which time any increase in the value of their shares is subject to capital gains tax, up to a maximum of 25%. (At such time, the U. S. shareholder would also be liable to the Canadian 15% withholding tax, to the extent that the company had used alternative "b" already mentioned and did not itself pay any tax on dividends it received. To that extent the U. S. investor would be subject to a 15% tax on that part of the proceeds of his sale which represents undistributed and untaxed income of the fund. Meanwhile, the money that will eventually be withheld for such future tax liability is being invested in Canadian equities, presumably with a growth objective.) Understandably, these NRO funds can accumulate capital advantageously for people in high income tax brackets and they have had a definite appeal for this reason. The flow of new money into these funds in the aggregate has been slower since their initial popularity subsided but it is still a demand factor to be reckoned with in the Canadian equity market. (Incidentally, it may be worth keeping in the back of your mind that these funds would become a supply factor of really serious dimensions if the sporadic rumblings heard from Washington should ever lead to withdrawal of the special tax advantages the shareholders of these funds now enjoy.)

(3) The tax credit which Canadian taxpayers receive, amounting to 20% of all dividends received from Canadian tax-paying corporations, in the form of a deduction from the normal tax liability in respect of such income, tends to make dividend income much more valuable to Canadian investors than interest income. For a Canadian investor in the 50% tax bracket, for example, a 4% Canadian stock yield is equivalent, in tax-paid income, to a 5.60% bond yield. This, therefore, is another potent influence tending towards higher prices, and lower yields, for Canadian stocks than would otherwise be the case.

Prime Investment Consideration

Mainly because of these influences, if you try today to put together a reasonably diversified list of the more attractive growth equities in Canada, you are likely to come up with an over-all yield closer to 3% than 4%, for as offsets to the yields exceeding 5% in the currently depressed paper group and close to that level in the still reasonably priced instalment finance group, you will find returns running well below 3% on the integrated oils, around 3½% on the leading nickel issues, 2% in aluminum, and so on. All this, be it noted, in an era of tight and high-cost money, with 3-month Treasury bills yielding close to 3¾%, and Canada 3s of 1957-60 on a 4.6% basis, while new long-term public utility bonds are carrying 5¾% coupons!

This could mean, of course, that Canadian common stocks are getting too high in price and may be subject in due course to corrective pressure, although I personally am inclined to feel that a fair number are heading still higher on a selective basis before they sell materially lower. It certainly means that one must look at most Canadian stocks with extreme caution for proof of value factors to compensate for low current yields. And for American clients, it means that they can only use the Canadian markets advantageously on any important scale if long-term capital gain is the prime consideration, rather than current income.

These rather too long and disjointed observations on the Canadian stock market environment have covered a lot of ground that is well known to any who have had much practical contact with things Canadian. I hope those who are in this category will bear with me. It seemed to me, however, from discussions I have had with many American investors that, despite the large flow of investment funds into Canada from this Country, there are a great many people who do not fully appreciate the basic differences between the Canadian and U. S. markets.

Specific Suggestions

So many of the currently popular Canadian stocks are selling at or near their all-time highs that I am going to run the risk of being somewhat premature and head my brief list of suggestions with one of the least popular of a presently unpopular group. The paper stocks may not yet have reached their final lows on the current decline but I feel that they are at least in process of being oversold. In the case of **St. Lawrence Corporation**, currently selling around 16½ in a 1956-57 range of 23-15¾, it seems to me there is enough evidence of near-term stability coupled with long-term growth potential to make the stock a sound commitment for the pull on a yield basis of 6% from the $1 dividend that was earned almost exactly twice last year, the current price being just over 8 times 1956 net of $1.99. An interesting test of the solidity of the stock's market base will be provided by publication of the first quarter report, which I estimate will show a drop of more than 25% in net earnings per share from the 44¢ reported a year ago, because the $4 increase in the price of newsprint did not take effect until March 1, kraft business was poor in the first two months also, and this year's first quarter earnings had to bear a charge of roughly 4¢ per share for dividends on preferred stock that was not outstanding in the first 1956 quarter.

However, this should be by far the worst quarter this year for St. Lawrence. Kraft sales have picked up smartly in the past two months and, subject to seasonal factors bearing on demand for containers for the brewing and canning industries, they promise to hold up well for the balance of the year, now that customers' inventories appear to have been whittled down. In addition, the company will have the benefit of the higher price of newsprint and some increase in newsprint capacity to offset further wage increases. Thus, unless the U. S. dollar exchange rate becomes more adverse to the company, this year's earnings should not be too far from $1.90.

The newsprint outlook is not as bleak as the market has been saying, in my belief. Industry operations are still running close to capacity and should average fairly close to 97% for the year, while the further increases in capacity that are projected for 1958 and 1959 (not all of which will come into operation as fast as first planned, in all probability) should not create enough excess supply to prevent the industry from protecting its profit margin if it adheres to the stiffer attitude recently demonstrated in this respect. Growth prospects for kraft products are still more interesting in Canada, where the domestic kraft market has a long way to go before Canadian consumption matches U. S. on a per capita basis, and St. Lawrence, which last year turned out 31% of its total output in kraft products and is the largest kraft producer in Canada, recently announced an $18 million expansion of kraft pulp capacity which could be completed by 1958 or 1959 if demand warrants, at which time kraft may be able to contribute as much as 60% of the company's earnings.

Among other paper stocks that should be watched closely for buying opportunities is **Great Lakes**, which is currently 43 in a two-year range of 56-33, and which should be able to earn around $2.25 this year against $2.44 last year, with a $5 earnings rate a conservative possibility when the present expansion program is completed early next year. Great Lakes has been outperforming the other paper stocks recently and I am not too sure whether one should hope for a reaction or buy now in view of the exceptional long-term potential, which stretches well beyond the $5 earnings rate that is foreseeable within a year.

In a somewhat similar long-term category is **MacMillan & Bloedel**, now around 31 in a two-year range of 48-28. Hitherto primarily a lumber company, MacMillan has been hard hit by the slump in lumber and plywood, and earnings for the half-year to March, 1957 were cut to 98¢ from $1.70 a year ago. However, the company will soon begin to benefit from a $67 million diversification program in the newsprint and kraft fields which eventually will lift earnings well beyond the $3.55 level of the past two years. MacMillan's vast timber resources in coastal British Columbia are an extremely valuable asset. Your timing in buying MacMillan should probably be guided to a considerable degree by how soon and how much you expect U. S. home construction to recover, this being the key to the lumber outlook.

Jumping from paper to food,

George Weston B is a powerfully-leveraged equity in the biscuit, baking and food chain field in Canada and the U. S. which has been well deflated and has begun to recover marketwise. It is now around 22 in a two-year range of 37-17. Earnings last year jumped 62% to $1.56 and the earnings to the stock including undistributed earnings applicable to the company's controlling interest in **Loblaws**, the leading Canadian grocery chain, and its equity in **National Tea**, were approximately $2.73. Further marked improvement is indicated this year, with first quarter earnings up 25%.

Petroleum and Copper

The dynamic growth record and outlook of the Canadian oil industry has attracted a lot of attention and most of the good oil and pipeline stocks have had substantial advances. Even at 126, however, I am still intrigued by the long-term possibilities of **Trans Mountain Oil Pipe Line**, which carries Alberta's crude to British Columbia and Washington, with offshore shipments also going to California and Japan. On a 200,000-daily throughout, on the way up to 240,000 b. p. d. by this summer, Trans Mountain's current earnings rate of around $8 could be in the $10 plus area by the year-end, and much exciting growth should follow in the next few years in view of the large projected build-up of refining capacity to serve the rapidly expanding consumption requirements on the west coast. I am confident that the basic growth trend and the logic of using Canadian oil in the western states will prevail over any short-term uncertainties that may be caused by efforts to curtail U. S. oil imports. Also for the latter reason, I think it is still possible to be optimistic about the outlook for several of the best-situated oil and gas exploration companies. Our research department's views on this group were set out at some length a couple of months ago and, for anybody interested, a few copies of this report are still available. Some rather sharp advances have taken place in the interval but among the issues which currently seem most attractive are **Canadian Atlantic; Bailey Selbern; Home Oil; United Oils; Medallion Petroleums; Can. Husky; Central-Del Rio**; and **Canadian Devonian.**

While considering the petroleum group, I believe one should not overlook the possibilities in **Canadian Hydro-Carbons**, in the LP-gas field in Western Canada.

The steep decline in the price of copper during the past year has hit with particular severity some of our younger enterprises in the early stages of development or production, and the correction of the previous enthusiastic bull market in this group was intensified by the credit squeeze which apparently passed its most acute phase toward the end of last year. Some of the best of this group, which can look forward to profitable operation even at 30c copper, and which have well-defined indications of being able to prove large additions to ore reserves, are available at interesting discounts from their levels of early 1956. If leaders of the copper industry are right in their bullish appraisal of the copper outlook for the second half of the year, the rebound from an oversold market condition in this group of lusty junior coppers could be a sharp one. I commend to your particular attention **Geco Mines** (15⅝) the big Manitouwadge property coming into production this summer under **Noranda-Mining Corporation** sponsorship. You should also look carefully, I believe, at the group which promise to make **Chibougamau** in Quebec a copper producing area second only to **Sudbury** in Canada. Most promising in this group are **Opemiska** (12½), **Campbell Chibougamau** (10½), **Copper Rand** (4) and **Chibougamau Jaculet** (2¾).

Changes in Ventures Ltd.

For many investors who want some participation in natural resource developments in their early stages but would like to spread and minimize the risks associated with such enterprises, an attractive medium is provided by holding companies, and one that looks particularly interesting for long-pull holding in the light of recent developments is **Ventures Limited.** Ventures is a vast complex of mining companies ranging from the second largest nickel producer in Canada through a long list of base metal, gold and oil properties, and potential power developments. This company was founded and its empire was accumulated and put together by Thayer Lindsley, who displayed a genius for the discovery of mineral wealth in all corners of the globe. Lindsley, however, was imbued with the theory that minerals in the ground were the only safe form of wealth in an age of depreciating money and he therefore had only a minimum of interest in taking them out of the ground. As a result the company was always long on potential ore but inclined to be short of production, earnings and cash.

A little over a year ago, a change of policy was inaugurated and a new board took over, with Robert B. Anderson as President, dedicating themselves to a program designed to bring properties into profitable production as fast as possible. However, the credit shortage intervened, metal prices declined and their efforts along these lines were severely handicapped. This situation has recently culminated in the acquisition of control by **McIntyre Porcupine Mines,** under an arrangement which will place approximately $20 million in Ventures' treasury immediately and if all options are exercised will place an additional $18,750,000 in its treasury within three years. This will greatly strengthen the company's ability to place its various development projects on an earning basis as rapidly as possible, and to build up and expand the scale of present operating units as far as conditions warrant.

This new capital was vitally needed because maximum development of the underlying assets of Ventures, including extensive field examinations, engineering and metallurgical testing, called for sums far beyond the company's liquid resources. Details of the arrangements are that (1) rights will be issued to Ventures shareholders to purchase approximately 200,000 shares at $30, one for nine, and (2) McIntyre will purchase 400,000 shares at $35 immediately and receive options to purchase 250,000 shares at $35 within two years, and 250,000 shares at $40 within three years. McIntyre is underwriting the issue of rights and any stock taken up by McIntyre at $30 will reduce the number of shares required to be taken up by it at $35.

Assuming the issue of 200,000 shares at $30 and 400,000 shares at $35, indicated liquidating value per share of Ventures to be outstanding would be slightly over $56 per share on the basis of Dec. 31, 1956, market values for securities having a quoted value. Thus the current market price of 39 would represent a discount of roughly 31% from this indicated break-up value, excluding holdings for which no market quotations are available. Exercise of all warrants would reduce the break-up value to about $53 at year-end market prices. By far the largest single asset of Ventures is its 51.2% interest in **Falconbridge Nickel** which means that Ventures holds four-fifths of a share of Falconbridge for each Ventures share to be outstanding immediately, and will hold two-thirds share of Falconbridge for each Ventures share to be outstanding on exercise of all options. Among other major direct holdings are those in Hoyle Mining, Frobisher Limited, Opemiska Copper, Lake Dufault Mines, Metal Hydrides, La Luz Mines, American Nepheline and Dominion Magnesium. The important thing is that now for the first time Ventures will be adequately financed, in addition to being under direct control of an organization with broad and successful mining and management experience, which has a minimum stake of $14 million and a potential interest of $32 million or more in enhancing the value of its investment.

These remarks should not be concluded without reference to the uranium group which has been in the forefront of Canadian market leaders since last autumn. Despite the gains ranging to over 200% scored by Canadian uranium stocks from 1956 lows (mostly since November), I believe the current period of consolidation can be used to make selective purchases for long-term capital gain. However, now that current prices no longer reflect any important discount from the net cash throw-off that can be anticipated from special price contracts with the Canadian Government agency, it obviously becomes imperative to scrutinize commitments with sharper focus upon potential earning power in the post-contract period. This means, of course, that primary emphasis must be placed upon the quantity and grade of ore reserves that will be available upon completion of government contracts. Measured by this test on the basis of all information available to date, **Consolidated Denison Mines** (23) is confirmed in my opinion as the most attractive long-term growth equity in the group and one which appears entitled to further important price enhancement in view of the more optimistic appraisal of the future demand for uranium which now seems justifiable. My second choice in this group would be **Algom Uranium.**

Chicago Bank Women Name New Officers

CHICAGO, Ill.—Mrs. Marion E. De Ruiter, Assistant Cashier and Assistant Secretary of the Mercantile National Bank of Chicago, has been elected President of the Association of Chicago Bank Women for the coming year.

Other officers named at the Association's Annual Dinner on Tuesday, May 21, at Chicago's South Shore Country Club are Vice-President Miss Dorothy L. Grossman, Secretary to Kenneth K. Du Vall, President of the Merchandise National Bank of Chicago; Secretary Miss Ruth E. Norberg, Assistant Cashier of the First National Bank & Trust Company, Evanston, Ill., and Treasurer Mrs. Ann Beno, Assistant Cashier of the Pullman Trust & Savings Bank.

The Association of Chicago Bank Women comprises 130 members employed by 62 Chicago area banks. Purposes of the organization, formed in 1923, are to provide a forum for the discussion of financial problems and to help advance women in the banking profession.

John W. Foster

John Winthrop Foster, partner in Paine, Webber, Jackson & Curtis, passed away May 27 at the age of 76.

With Kostman, Inc.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—George Akoboff is now with Kostman, Inc., 215 West Seventh Street.

Securities Salesman's Corner

By JOHN DUTTON

Something to Remember

There is a basic psychological reason why people actually wish to rely upon others for advice in any field where they have a limited experience and knowledge. If you will keep this in mind you will be able to guide your own efforts along the proper pathways of prospecting and clientele building. Practically every major decision that the average person makes is based upon some emotional factor. When it comes to the matter of investment emotional motivations are extremely important. Let us analyze some of the reasons why people make investments from an emotional viewpoint.

(1) Fear of some future want or insecurity. Entering into this particularly today is the factor of dollar depreciation. The constantly increasing cost of living, higher taxes, and higher living standards which most people wish to satisfy have set many individuals toward thinking about other investments rather than the old standbys such as life insurance, savings accounts, and mortgages, also government bonds.

(2) There is also the desire for approbation. Some call it "keeping up with the Joneses." Some people must do as well as the next fellow or they are unhappy. This is a pretty rough accusation but if you are dealing with human emotions in an endeavor such as the investment business you must recognize that this desire to "do as well as the next fellow" is a compelling reason why some men buy speculative stocks. There is no need to remind you of the number of times you have gone to lunch with a group of business associates (those not in the investment business as well as engaged in it) and you have heard one fellow say, "I just made a killing in Zatzo Mining, bought it at 10 and sold it at 20." You could almost see the ears wag and the eyes pop. How many times at occasions such as this have otherwise solid businessmen picked up tips on the market and played them, sometimes to their benefit and more often to their regret? The emotional motivation was, "If he can do it so can I" (I Hope).

Where You Come In

If you can keep this in mind, that people either want to satisfy some feeling of insecurity (need for more income now or later—or a desire to preserve capital from the ravages of inflation) or the need for approbation you will understand the basic emotional factors why people will buy certain securities. You must then offer investments and speculations that will fit these needs. If you were operating a haberdashery you wouldn't try to sell a size 15 shirt to a fellow with a size 17 neck, nor would you offer him a blue chambray workshirt if he were going to his daughter's wedding. Once you have sized up your client's basic needs then you can offer specific suggestions.

Why Your Customers Listen To You

If you have a sound foundation of investment knowledge, if you have understanding and appreciation of your customer's needs, then he will be more than likely to heed your suggestions. The reason people ask others for advice and follow suggestions concerning the investment of important sums of hard earned savings is that they themselves DISTRUST THEIR OWN ABILITY TO SELECT THE RIGHT INVESTMENTS. **That is the reason why investment advisory services have been flourishing so widely over the country during the past several years. People are concerned about depreciating dollars so they wish to invest in other mediums such as common stocks. Yet they know they have a limited knowledge. They fear making mistakes. They go to others they HOPE KNOW MORE THAN THEY KNOW.**

Here then is the reason why many individuals today will welcome the investment salesman who calls upon them with constructive suggestions which they can use to satisfy these latent desires and fears of insecurity, of depreciating money, or the natural wish to be financially successful.

The opportunity for developing individual investment accounts is today greater than at anytime in the past 25 years. People want help. They want to solve some important emotional problems and they are receptive to suggestions.

The investment salesman that has a service to offer which first of all analyzes the client's needs investmentwise, and who can suggest a planned program of reserves, and specific growth or income stocks in the proper proportions, will find that people will seek him out today if he will only place this service before them.

Birmingham Clearing House Elects Officers

BIRMINGHAM, Ala. — The annual meeting of the Birmingham Clearing House Association was held on May 10, 1957, with the following Officers elected to serve for a period of one year.

President: R. B. Fore.

Vice President: F. Boykin Haynes.

Secretary: C. E. Kirkpatrick.

Chicago Jr. C. & I. Group Names V.-P.

CHICAGO, Ill. — Thomas M. Mocella, staff member in the Business Development Department of Harris Trust and Savings Bank, Chicago, has been elected Vice-President of the Chicago Junior Association of Commerce and Industry. Ben T. Nelson, a member of the bank's Loan and Discount Department, and John L. Stephens, a member of the Personnel Division, were elected directors of the Jaycees.

Joins Oscar Kraft

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Loren D. Saltzman has become associated with Oscar F. Kraft & Co., 530 West Sixth Street. Mr. Saltzman was formerly with Leo Schoenbrun and prior thereto with Gross, Rogers & Co.

E. F. Hutton Adds

(Special to The Financial Chronicle)

OAKLAND, Calif. — Paul P. Morettini has been added to the staff of E. F. Hutton & Company, 1309 Franklin Street.

Two With D. D. Weston

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Mark E. Kiesel and Mabel S. Opley have joined the staff of Daniel D. Weston & Co., Inc., 618 South Spring Street. Miss Opley was formerly with B. C. Morton & Co.

Continued from first page

As We See It

life the distinction between personal use and business use often tends to fade into nothingness.

Really Investment

Plants all over the country are moving to country cross roads or other inaccessible places. Workmen to man them must have daily transportation to them, and very often, if not quite usually, the privately owned automobile is the only feasible means available to them. So far as an automobile is purchased and used for such a purpose it is much more of the nature of a producers durable good than a consumer good. Yet, of course, it is listed by the Department of Commerce as a consumption good and the loan extended the borrower for the purchase of the car is included in the Board's consumer credit figures. Evidently consumer credit is not always quite what its name would seem to imply.

One need go only one step further to arrive at a somewhat similar conclusion about the purchase of a deep freeze, a washing machine, or a number of other items which enable the housewife to go regularly to work earning wages or a salary. Of course, a good many other things ordinarily regarded as consumer goods are producers goods in a sense in as much as they make it possible, directly or indirectly, for the owners to do work of a constructive sort—hardly, in some instances, less so than the carpenter's chest of tools. The only, or rather the chief difference is that the tools are not ordinarily used directly to give personal satisfaction, while such things as food and clothing do.

The point is that in many instances—though in what proportion we unfortunately are not able to say — the goods bought with "consumer credit," instalment or otherwise, are not merely something to gratify the desires of the consumer, but on the contrary are part and parcel of the equipment he must have in order to function in modern economic society and often are used directly for that purpose. This places the credit so used in about the same category as funds loaned for the purpose of enabling an individual to buy the tools or the equipment he needs and uses daily in his business. These are facts which should not be overlooked by those who insist that credit should be employed only for productive purposes—or by any one else, for that matter, who wishes to gain a clear idea of the true inwardness of what is known as consumer credit.

Consumer Expenditures vs. Consumption

But there is another aspect of this whole matter which all too often escapes attention. It is this: a durable good, such for example as an automobile, a washing machine, a radio, or any of the other dozens of items commonly purchased on time these days, is not "consumed" instantaneously when purchased, or even within a relative short period of time. Commonly the consumption of such articles is a rather long drawn out affair, taking a good deal more time than the life of the credit extended for its purchase. In the statistics of the Department of Commerce, however, the purchase of consumer durables is regarded as "consumption" on the spot and credit extended on such items is commonly thought of as financing immediate consumption.

The truth of the matter seems to be that the purchase of a durable good is an "investment" in the same sense that the purchase or the construction of a house is an investment. The fact that neither the house nor the automobile, for example, may be absolutely necessary for the continued life of the purchaser has nothing to do with the matter. What the consumer is doing is to buy future satisfaction, or what he regards as such, and that is at bottom an investment. It is as if sugar or flour or bread could not be purchased in quantities less than enough to last several years. The ordinary consumer then who purchases a three years supply of, say, bread would certainly be regarded as investing not consuming at the time of the purchase.

This fact seems to put a different light on the subject of consumer credit, or at least upon some types or instances of consumer credit. It is one thing to borrow to buy goods or services which are used up and disappear from the scene at once or almost at once; it is another to borrow to lay in a supply of goods required in the future when they can not be purchased, or cannot at all events be purchased to good advantage, little by little as need for them arises. Of course, such considerations do not apply to the use of credit to obtain perishable goods, or ephemeral services such as tours of travel, or similar things. Here credit may or may not be defensible. The point is that it can not be defended on the same ground and by the same process of reasoning as could be used in the other types of cases cited above.

The fact that durable goods are not consumed immediately but often over a very considerable period of time is of real significance in another way. When such goods are accumulated by the people at a rate greater than depreciation on such goods accrues, what might be termed consumer inventories rise. In some ways it would be more accurate and enlightening to say that the consumer has added to his plant and equipment. If this process is carried too far, then, of course we can have just about the same trouble as so often comes as a result of an undue accumulation of business inventories or of undue expansion of plant. If such an accumulation is financed in excessive degree by credit, the resulting situation may not be wholly satisfactory. It is unfortunate that virtually no statistical information is currently available bearing on this point.

Naturally, there are many other facets to this question of consumer credit and consumer behavior, but these are some aspects of the subject which so often escape the attention of the rank and file—yes, even of the matriculate —that it has seemed well to call attention to them here.

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The Economics of Growth, Credit and Inflation

may have as to excessive rates of interest as a matter of public policy is more than compensated for by the income tax. The interest rate after taxes—the true interest rate—is not nearly as high as it is presumed to be—for the lender as well as the borrower; the lender must pay taxes on the interest received and the borrower can write it off as an expense. The real difficulty therefore is not that the interest rate is too high—and it is bound to be high in a dynamic economy—but that we have chosen to dilute its effectiveness as an impersonal governing agency in the free market —by taxation. All of this is in addition to the fact that public awareness of the function and importance of the interest rate has been blunted by 25 years of artificially easy money.

Now we come to point three — the one where Patman asks Martin whether he's opposed to the education of children. Mr. Patman's solution is for the Federal Reserve Board to buy enough government securities in the open market to drive the interest rate down. This assumes that the high interest rate per se rather than the inadequacy of savings relative to the demand is the source of the trouble; by implication it also questions the assumption that savings are inadequate and in any event proposes that the Federal Reserve Board make up by the expansion of bank credit for any sums which are not forthcoming from the lenders — the insurance company, the savings banks or the private citizen — either because they haven't got them or are just stubborn about lending them at the prescribed rates. This is tantamount to saying that as a matter of public policy, there shall if necessary be inflation of the currency by the Federal Reserve Board, to build schools if the money is not forthcoming at rates determined by the Congress to be reasonable.

A bill now before the Congress has a different solution—it proposes that Congress shall appropriate $750 million to buy school bonds, in the event that they cannot be sold at "reasonable" prices in the market. This means, and the public should be aware:

(a) That at some point the Treasury will probably be required to make the funds available either by additional taxation or additional borrowing; and

(b) That the Congress has decided that the judgment of the marketplace shall be set aside; that is to say, that if there are not enough savings in the marketplace to absorb these school bonds at a price which the legislators regard as reasonable, then the marketplace shall be short circuited and the burden of the financing shifted to the taxpayer. Congress doesn't like the verdict rendered by the law of supply and demand; therefore Congress decides to circumvent the law by running to the Treasury to make up the difference.

This brings us to the budget and inflation, which is our point four. The proposal that Congress appropriate $750 million to buy school bonds is symptomatic of the growing tendency to shift to the shoulders of the Federal Government and cost of financing projects which normally and historically have been carried either by the state or municipal governments, or business and the private citizen; underlying all this is the widely held assumption that the government can tax away whatever it needs and that what remains to the private sector will be sufficient to take care of everything else including growth. This just isn't so as anyone who reflects upon it will agree—it can't be so. The public should be aware that if popular demands for this, that and the other thing are such that it becomes politically impossible to restrain the demands on the public purse with the result that the government over the years preempts a larger and larger share of the available funds, the economy is headed for trouble. The only question then is how long the inevitable crisis can be forestalled.

As year after year item is added to item in this process, taxes must, if the budget is to remain balanced, inexorably absorb a larger and larger share of the economy's earnings, which earnings are the source not only of the savings to finance the capital requirements of the industry, the state and the municipalities, including schools, but also of the very taxes on which the government itself depends. Looking ahead, therefore, there comes a point when any additional preempting of earnings by taxes will so shrink the private sector as to break the camel's back. This is the real significance of Secretary Humphrey's statement that unless we do something about the size of our budget, we will have a recession that will make our hair curl.

Just because a budget is balanced doesn't in itself spell fiscal soundness and economic health. It may be too high to permit what remains in the private sector to carry the economy through a recession; moreover, the higher the budget relative to the national income, the greater will be the shrinkage of tax receipts in any sizable business setback, which will almost certainly at that point force the Treasury into deficit financing because it will be physically virtually impossible even if it were politically feasible to shrink its operations to fit the loss in revenues. The public should also be made aware that the notion that a balanced budget precludes inflation is erroneous because it is based on the fallacious assumption that every dollar of added fiscal expenditures as long as covered by additional taxes of $1 will automatically result in a decline of consumption of $1. This is in addition to the fact that military expenditures, necessary and essential as they may be, are economically unproductive; they constitute an irreplaceable dissipation of manpower and material.

Yet despite public clamor, it seems difficult to get the budget down—Parkinson's law [1] seems to be operating and in addition the efforts to finance via the budget what the private sector seems incapable or unwilling to do is simply added evidence of an economy bursting at the seams—prompting even the President to state: "As long as the American people demand and, in my opinion, deserve the kind of service that this budget provides, we have got to spend this kind of money."

In fact, there are some people who argue that the budget is not large enough — Seymour Harris points out that the budget is smaller in relation to GNP than the Truman budgets—while Keyserling argues that the budget is far too small considering our growth potential—in other words, whenever GNP fails to attain preconceived goals in any one year, we've fallen behind — and with our rising population it is argued that we can't afford to let GNP fall behind such goal lest we run into unemployment. As the Guaranty Trust [2] pointed out, the cry for governmental intervention not only to sustain but to stimulate still further the volume of business has become a familiar feature of the American scene — at the first sign of slackening, or even unprovable suspicion that slackening might occur, there is a demand for politically administered stimulants — be it more budget spending or artificially lowered interest rates to foster credit expansion—so strong are the overtones of the thirties.

The massive unemployment of the thirties and the Keynesian theory of over-saving that evolved from that experience still dominates our political economic thinking. In Italy and Germany two experiences in a generation with devastating inflation have made the public so gun shy that they will accept the disciplines necessary to avoid a repetition; in the United States and England, however, it continues to be difficult to arouse the public to the danger of an inflationary splurge, so strong is still the impact of the great depression of the thirties and the fear of deflation — hence the political emphasis on doing everything to avoid unemployment — hence the full employment act of 1946 — hence the widespread belief in the efficacy

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1 The observation made by the London Economist that government employment tends to proliferate at the rate of 5.6% compounded and half humorously ascribed to a non-existent Parkinson. (The Economist—Nov. 19, 1955).

2 Monthly Letter November 1956.

of the purchasing power theory—and the need to extend it whenever even the slightest economic thunderclouds appear — hence excessively high taxation, coupled with the unanalyzed notion that the government can tax away any amount it pleases and that what remains will be sufficient to take care of everything else.

There is widespread feeling that a persistently rising price level is preferable to unemployment—and that actually creeping inflation is not so bad and even desirable, although nothing could be further from the truth. As Canby Balderston, Vice Chairman of the Federal Reserve Board, pointed out in a recent speech:[3] "the disastrous consequences of a general acceptance of an assumption of continued inflation are so far-reaching as to be almost beyond calculation. Nothing could be more destructive of our hopes for growth that is stable—as it should be clear that once individuals and business begin to make their decision on the assumption that there will be continued depreciation in the value of the dollar we will not only be forfeiting our growth prospects but moving toward a serious crisis."

There is also the notion, implied in constantly rising wage demands and excessively high individual and corporate income tax rates that if you could only divide up those mysterious — and really non-existent — hidden assets of the big corporations and the wealthy — on a more socially or ethically desirable basis, all problems would be solved; actually among all the inflationary viruses in our system, the wage price spiral is clearly the most virulent —much, much more would be obtained if wage negotiations and tax legislation were approached from the standpoint of what policy was best calculated to promote the growth of the economy, for, as Dr. Henry C. Wallich, Professor of Economics at Yale, in a noteworthy article[4] — required reading — points out, "the masses of the people have much, much more to gain from faster growth than any conceivable income redistribution. A speed-up in real output of only an extra percent a year would soon lift even the economically weakest into income brackets to which no conceivable amount of redistribution could promote them."

Our trouble is not that tight money is strangling our growth—rather tight money is a manifestation of unsatisfied growth demands, which cannot be met by (a) artificially lowering the interest rate; (b) resorting to bank credit inflation; (c) shifting the burden to the Treasury by having the federal government produce the money out of taxes; (d) or trying to resolve the problem by resorting to controls to direct the allocation of available funds.

The free market is probably the greatest non-technical invention of man — it is by far the best method yet found to direct the allocation of the available amount of men, money and materials.[5]

Once we abandon the free market in favor of controls and the completely managed economy — once we fail to defend the currency, we will lose our liberty as well. But as I pointed out at the outset, defending the currency and maintaining the free market is not enough — it won't produce the additional savings needed to finance the enormous demands of our modern mass capitalism — under the pressure of these growth demands we've stretched this and patched there — we've resorted to makeshift devices which have been pushed about as far as they'll go — when the corporation couldn't supply the funds needed to finance growth out of internal resources which had been taxed away to the point where even depreciation reserves were inadequate to replace a worn out machine[6] — the corporation went to the capital market; when the funds there became too expensive or for practical purposes unavailable, the corporation went to the banking system to borrow the balance until even the banks became reluctant to extend further credit because they had run down their liquidity in the process as far as their long experience deemed prudent. At that point the corporation dipped into its own remaining resources and depleted its liquidity to the point where on March 15th it had to borrow again just to pay its taxes. We're bursting at the seams — everything is too small.

What is required is a complete and imaginative recasting of our whole structure — in which the economy can grow and thrive. We will need to provide new incentives to work, to save, to invest, to risk; we'll have to review and revise and modernize our banking, credit, tax, fiscal and money market structure and procedures which are partly outmoded, partly outgrown, and which we haven't comprehensively looked at since the Federal Reserve Act was passed. We can't go much further in running down our liquidity or speeding up the velocity of the currency or continuing to try to substitute credit for inadequate savings.

Asking both labor and industry to exercise restraint in wage negotiations and pricing policies is an answer, but only a partial and transitory one — a timely warning against the dangers of the perpetual wage-price spiral. It is most necessary and desirable that both sides comply but it doesn't solve the underlying growth problems — it merely asks both parties not to overrace the car and wreck it before we get around to modernizing and enlarging the engine; we must enlarge practically all the major parts of the engine because growth requires the capacity to expand debt — growth requires bigger savings and bigger banks to finance bigger corporations as well as a public debt — and money market structure in which all these things can be accommodated.

Until we get at these problems our monetary managers and our Treasury Department will be under continuing and potentially dangerous political and popular pressure to make up either by inflationary bank credit or by additional governmental spending at the taxpayer's expense—what the existing mechanism just isn't capable of delivering. In fact, if we insist on operating the trusty old jalopy in accordance with the 1914 rule book regarding fiscal, banking and money market procedures that came with it, we may actually hasten its crack-up and lose our liberties to boot.

We desperately need broader understanding of the nature of the problem — and what the Federal Reserve Board and the Treasury are trying to do and what they are up against until we evolve a solution which is to be the task of the commission which the President has recommended to the Congress.

3 Rolling adjustments, orderly economic growth—before Conference of Business Economists, Washington, D. C.—Dec. 14, 1957.

4 Entitled "Conservative Economic Policy"—Yale Review, Autumn issue 1956.

5 "It has been contended that higher interest rates and general credit restriction are discriminatory in their effects, inasmuch as they react with unequal impact upon different classes of borrowers. This contention is probably true to some extent, but an *acceptable alternative is not apparent*. If it is agreed that a policy of restraint or restriction is in order, it necessarily follows that some borrowers must be restrained or restricted in their attempts to secure an ever-increasing amount of resources at a time when such resources are limited in supply. The question then becomes, 'who shall decide who is to be restrained?'

"An impersonal, objective approach is to place that responsibility, to a considerable degree, upon market forces and the market mechanism. Certainly, allocation through the market will never be perfect, but the alternative of placing the allocation authority in the hands of a central authority may lead to less perfect or more arbitrary decisions than those of the market. Moreover, restriction undoubtedly involves a burden. Whether it be worked out through the market or by the decisions of a central authority, a restrictive policy, if it is effective, must discriminate between users and carry some burden or unfavorable impact insofar as those who are restrained are concerned." (Source—March 1957 Business Review, Federal Reserve Bank of Dallas).

6 As a result of intervening price inflation which the Treasury does not recognize.

Edw. Werle Re-elected By NYSE Governors

Edward C. Werle was re-elected Vice-Chairman of the Board of Governors of the New York Stock Exchange at the organization meeting of the Board, Keith Funston, President, announced.

Edward C. Werle

Mr. Werle has been a member of the Exchange since 1950 and a Governor since 1953. He is a partner in the Exchange member firm of Johnson & Wood, which does a general commission business and also specializes in rights.

Mr. Werle was employed by Johnson & Wood in 1924 and later worked for them as a floor representative on the American Stock Exchange. In 1940 he bought a seat on that Exchange and became a partner in the firm. He was elected Governor of the American Stock Exchange in 1944, Vice-Chairman two years later and in 1947 became Chairman, an office he held until 1950. He continued as a Governor until 1953, when he was elected member of the Board of the New York Stock Exchange.

Glickman Appoints

Glickman Corporation, realty investment firm, has announced the appointment of Thomas F. Joyce, Jr., as Vice-President and Louis A. Siegel as Administrative Vice-President.

Mr. Joyce, who remains a limited partner with Bache & Co., investment banking house, will have general responsibility for Glickman Corporation national and international transactions.

Prior to joining Glickman Corporation, Mr. Siegel was a Director and Executive Vice-President of Hearn Department Stores, Inc. He had been associated with that company since 1937, with general responsibility for all operations and direct responsibility for real estate, labor relations, finance and all corporate legal matters. He is a member of the New York Bar.

E. D. Johnson Joins Nat'l Secs. & Research

Edward D. Johnson has been appointed Assistant to Leighton Borin, Resident Vice-President for the North Central area, according to an announcement by Henry J. Simonson, Jr., President of National Securities & Research Corporation, 120 Broadway, New York City.

Mr. Johnson formerly was associated with the investment firm of John G. Kinnard and Company in St. Paul as a mutual fund representative.

Mr. Johnson will make his headquarters in the Minneapolis office of National Securities & Research Corporation at 1228 Baker Building.

With Noble, Tulk

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Charles W. Geisel has joined the staff of Noble, Tulk & Co., 618 South Spring Street, members of the Pacific Coast Stock Exchange. Mr. Geisel was formerly with Akin-Lambert Co. for many years.

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The State of Trade and Industry

the index went up another 0.3% during April, the eighth straight month of advances to new records. The index now stands at 119.3 of the 1947-49 average.

At the same time, the buying power of factory workers turned down for the second straight month after 30 months of gains over year-earlier levels. Even though the factory worker's weekly spendable earnings in April were about $2, or 3%, higher than the like month of last year, the buying power of these earnings was down nearly 1% over the period because of the cost of living increase.

The chief factor in the April rise in the price index was higher costs for food which rose 0.5% over the previous month.

But the higher costs for food are only part of the story. Prices for other goods and services have continued what the bureau calls their "long term upward creep." All except clothing rose in April.

In the automotive industry last week upwards of 85,000 Michigan auto workers, including more than 32,000 in Detroit area, were granted a long Memorial Day weekend, "Ward's Automotive Reports," stated on Friday of last week.

The statistical agency, in a survey of Michigan's 12 passenger car assembly plants, plus manufacturing operations, said nine planned to suspend final car assembly on Wednesday night of this week and resume the following Monday.

Included in the nine factories are, Mercury, Lincoln, Cadillac, Dodge Main, De Soto (and Dodge Truck) in the Detroit area, plus Oldsmobile, Pontiac, Buick and Chevrolet outstate. Chevrolet plans, while tentative, at that time, called for truck but no passenger car assembly in Flint this Friday.

"Ward's" said the long weekend will end on a bright note, with May automobile output in the United States showing an approximate 14% gain over like 1956, or to an estimated 535,000 from 471,673 and with May new car sales holding close to April levels.

Passenger car schedules last week held to 125,473 units, or 1.5% below the prior week's 127,390 but 16% above the 108,126 in the same week last year.

The statistical agency said that May car output is marking the first gain in 1957 monthly volume over the same period last year and is pushing January-May volume fully 4.1% over like 1956 when 2,762,100 cars were built. The five-month production estimate for this year is 2,876,000 units.

Meanwhile, truck building remained strong the past week, with United States plants scheduling 23,754 units. This compared with 23,138 the week before and 21,678 in the May 21-26 week last year.

"Ward's" noted that car assembly plants planning to work this Friday included Plymouth and Chrysler divisions, plus principal stamping division plants in the Detroit area and all offices of the company. Eleven out of 15 Ford Division assembly points also will operate, it added.

Steel Production Estimated to Yield 87.8% of Ingot Capacity This Week

Steel production continued to ease off last week, but there was a mild pickup in demand, "Steel" magazine reported on Monday of the current week.

The metalworking weekly said demand is perking up, chiefly for cold-rolled and hot-rolled sheets, hot-rolled bars and merchant pipe. But producers of these products can still accommodate a substantial volume of orders for June shipment.

Steel consumption, it added, has been exceeding demand this year. Government indexes show that users have been living off their inventories. When inventory reduction runs its course, consumers will have to buy at least as much as they use. Many can't be far from that position now, this trade journal declared.

Consumption should remain high. Unfilled orders for durable goods, while a little lower than they were at the start of 1957, are 8% higher in dollar volume than a year ago.

The uptrend in scrap prices that began at the end of April continues. For five months prior to that time, they declined. A rise of $1.67 in the week ended May 22 put "Steel" price composite for steelmaking scrap up to $46.67 a gross ton. The lowest mark this year, the week ended April 24, was $42.50.

Much of the increase stems from broker bidding to get scrap to fill orders on hand. Lower production in the metalworking industry, particularly the auto plants, is reducing the generation of production scrap, according to this trade publication.

The American Iron and Steel Institute announced that the operating rate of steel companies, having 96.1% of the steelmaking capacity for the entire industry will be an average of 87.8% of capacity for the week beginning May 27, 1957, equivalent to 2,246,000 tons of ingot and steel for castings, as compared with 86.4% of capacity, and 2,212,000 tons (revised) a week ago.

The industry's ingot production rate for the weeks in 1957 is based on annual capacity of 133,459,150 tons as of Jan. 1, 1957.

For the like week a month ago the rate was 87.0% and production 2,226,000 tons. A year ago the actual weekly production was placed at 2,370,000 tons or 96.3%.

The operating rate is not comparable because capacity is higher than capacity in 1956. The percentage figures for 1956 are based on an annual capacity of 128,363,090 tons as of Jan. 1, 1956.

Electric Output Made Further Gains the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, May 25, 1957, was estimated at 11,574,000,000 kwh., according to the Edison Electric Institute. Output continued to move to higher levels in the latest week.

The past week's output advanced 55,000,000 kwh. above that of the previous week; it increased 647,000,000 kwh. or 5.9% above

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The State of Trade and Industry

the comparable 1956 week and 1,598,000,000 kwh. over the week ended May 28, 1955.

Car Loadings Declined 0.1% In Latest Period and 7.2% Below Like 1956 Week

Loadings of revenue freight for the week ended May 18, 1957, dropped 871 cars or 0.1% below the preceding week the Association of American Railroads reports.

Loadings for the week ended May 18, 1957, totaled 722,521 cars, a decrease of 56,476 cars, or 7.2% below the corresponding 1956 week, and a decrease of 47,358 cars, or 6.2% under the corresponding week in 1955.

U. S. Automotive Output Fell 1.5% Below Preceding Week But Was 16% Above Like Period a Year Ago

Automotive output for the latest week ended May 24, 1957, according to "Ward's Automotive Reports," declined 1.5% under previous week but was 16% higher than the similar period in 1956.

Last week's car output totaled 125,473 units and compared with 127,390 (revised) in the previous week. The past week's production total of cars and trucks amounted to 149,227 units, or a loss of 1,301 units below that of the preceding week's output, states "Ward's."

Last week the agency reported there were 23,754 trucks made in the United States. This compared with 23,138 in the previous week and 21,678 a year ago.

Last week's output fell below that of the previous week by 1,917 cars, while truck output increased by 616 vehicles during the week. In the corresponding week last year 108,126 cars and 21,678 trucks were assembled.

Canadian output last week was placed at 6,890 cars and 1,563 trucks. In the previous week Dominion plants built 9,893 cars and 2,117 trucks, and for the comparable 1956 week, 6,641 cars and 2,163 trucks.

United States Crude Oil Stocks Rose In Period Ended May 18th

The nation's crude oil stocks climbed in the week ended May 18 to 264,111,000 barrels, an increase of 2,235,000 barrels over the week-earlier total, the United States Department of the Interior reported.

The latest total, the agency declared, reflects a rise in both production and refining of crude, as well as a continued drop-off of emergency shipments of United States petroleum products to Western Europe. The latter averaged only 206,000 barrels a day for all types of products in the week ended May 15, down sharply from a 290,000-barrel daily average in the week ended May 8.

Business Failures Reached a Nine Week High In the Latest Period

Commercial and industrial failures climbed to 309 in the week ended May 23 from 264 in the preceding week, Dun & Bradstreet, Inc., reports. The toll was the highest in nine weeks and exceeded the 273 last year and the 204 in 1955. Two percent more failures occurred than in the comparable week of pre-war 1939 when 303 were recorded.

Casualties involving liabilities of $5,000 or more rose to 263 from 216 in the previous week and 217 a year ago, while those with liabilities under $5,000 dipped to 46 from 48 last week and 56 in the similar week of 1956. Thirty-four of the failing businesses had liabilities in excess of $10,000 as against 26 in the preceding week.

Wholesale Food Price Index Made Slight Improvement the Past Week

The wholesale food price index, compiled by Dun & Bradstreet, Inc., registered a slight rise last week. The May 21 figure went to $6.09, from the six-month low of $6.08 recorded a week earlier. The current level compares with $6.11 on the corresponding date last year, or a drop of 0.3%.

Higher in price the past week were rye, barley, beef, bellies, sugar, cocoa and hogs. Lower in wholesale cost were wheat, corn, oats, lard, coffee, cottonseed oil and eggs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Registered a Further Slight Rise In Latest Week

There was another slight increase last week in the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc. Price rises on some grains, steel scrap and rubber offset declines in livestock, tin and lead. On May 20 the index stood at 287.33, compared with 286.27 in the preceding week and 291.69 a year ago.

Unfavorable weather conditions in growing areas boosted grain trading the past week and most prices advanced fractionally. Wheat exports may amount to about 500,000,000 bushels for the crop year, noticeably reducing Government surplus stocks. Local stocks of wheat fell moderately in the week boosting prices somewhat. Corn trading picked up slightly, as wet weather delayed planting again last week. There was a slight decrease in soybean prices.

While coffee futures prices slipped, in the cash market prices climbed slightly as buying improved.

At the end of the week purchases of cocoa rose appreciably and prices closed at higher levels than in the preceding week. Warehouse stocks of cocoa declined to 277,310 bags, compared with 337,901 bags in the same week last year. Arrivals were 21% less than for the similar period last season. Reports that sugar production in Puerto Rico would probably fall short of expectations resulted in a noticeable rise in domestic prices.

Damaging rains in Texas and doubts about new price supports helped boost cotton futures prices in the week.

There was a seasonal rise in trading. Estimates by the New York Cotton Exchange of exports in the week before last amounted to about 185,000 bales, as against 126,000 bales in the prior period and 98,000 bales in the like week last year. For the current season through May 14 exports amounted to about 6,631,000 bales, compared with 1,674,000 bales in the comparable 1956 period.

Trade Volume for Country Declined Somewhat In Past Week

A decline in the buying of Summer apparel accounted for much of last week's decrease in total retail volume. However, a rise in purchases of household goods and food products held total volume slightly over a year ago. Cold and rainy weather in many regions discouraged consumer buying of women's Summer dresses and sportswear. Volume in men's lightweight suits slipped, but interest in boys' clothing was sustained at a high level. Sales of outdoor furniture rose again in the week, but volume in upholstered chairs and bedding slipped. Retailers reported a seasonal rise in the call for garden implements and hardware. Purchases of major appliances equalled those of last year.

The total dollar volume of retail trade in the period ended on Wednesday of last week was from 1% below to 3% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1956 levels by the following percentages: New England and Mountain +1 to +5; Middle Atlantic +2 to +6; East North Central —4 to 0; West North Central —6 to —2; South Atlantic +3 to +7; East South Central and Pacific Coast —1 to +3 and West South Central 0 to +4%.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended May 18, 1957, fell 2% from the like period last year. In the preceding week, May 11, 1957, an increase of 3% was reported. For the four weeks ended May 18, 1957, an increase of 5% was recorded. For the period Jan. 1, 1957 to May 18, 1957, an increase of 2% was registered above that of 1956.

Retail trade volume in New York City last week maintained or slightly improved the trend of the preceding two weeks by rising 6 to 7% above the comparable 1956 period, trade observers report.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended May 18, 1957, rose 3% above that of the like period of last year. In the preceding week, May 11, 1957, an increase of 7% was reported. For the four weeks ending May 18, 1957, a gain of 4% was registered. For the period of Jan. 1, 1957 to May 18, 1957, the index recorded a rise of 4% above that of the corresponding period in 1956.

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Victory in the World Struggle Depends Upon Budget's Passage

level where they destroy the productivity of our economy. The present tax level, if continued indefinitely into the future, could seriously weaken the economy. Consequently, our objective must always be to reduce government expenditures so that we can increase the amount individuals can invest in private enterprise which is the solid bedrock upon which real progress in America is built.

That is why I believe that the current discussion which is taking place throughout the nation on the Federal budget will in the end prove to be a healthy development. In the past, the public generally has not been sufficiently aware of the fact that when the Federal Government does something the people pay the cost. As a result of the wave of tax consciousness which is sweeping the nation, I predict the political demagogues who in the past have thrived on the slogan of "Let the government do it," regardless of the cost in money or freedom, will find their audiences much less receptive than previously.

With these general principles in mind, I suggest we examine the reasons why the budget is as large as it is.

Dispels Misconceptions

First, let me dispel two widely-held misconceptions on this point. The increased size of this budget is not due to the initiation of new so-called New Deal spending programs. If all the new programs which had not previously been approved in the Congress were taken out of the budget, less than $300 million would be saved. And the size of the budget can not be attributed to increases in foreign aid. The amount requested is actually $4.1 billion less in 1958 than in 1953.

The primary factors contributing to the size of the current budget are these: 80% of the increase is directly attributable to the higher prices the government has to pay for both material and personnel. The other major factor is the increase in population of 12 million which has occurred since 1953 which results in increased demands on the Post Office and other service departments of the government.

Turning now to the basic question, what cuts should and can be made in the 1958 Federal budget? As I have already indicated, the President has himself suggested a cut of $1.8 billion. To date, the Congress has approved cuts averaging approximately 7% in the money bills which have been acted upon by both Houses. Up to this time, however, Congressional action has been completed only on bills covering appropriations for other than so-called defense expenditures.

The Key Question

This, then, is the heart of the matter. Unless Congress decides to discontinue domestic programs it previously has approved, budget cuts as high as $5 to $6 billion, which some have suggested, can not be made unless the items for national defense are substantially reduced. Anyone who contends otherwise is just kidding himself and the public as well. Because approximately 75% of the entire Federal budget goes for the Defense Department, Atomic Energy Commission, interest on the debt, foreign aid and other defense-related items.

So now we come to the key question. How much can we safely cut from the amounts the President has asked for in these fields? The President has asked for $38 billion for the Army, Navy, and Air Force. No one would be so presumptuous as to claim that this or any other figure is exactly the right amount to spend for national defense. And no one would contend that in an establishment of this size there does not exist some inefficiency and duplication.

Under the circumstances, I believe these factors should control our decision. The major guarantee against war today is the strength of the United States and its Free World allies.

As I have indicated, reasonable men will disagree as to what the level of our military strength should be. But when men with the combined military, diplomatic, and business experience of Dwight Eisenhower, Arthur Radford, Charles Wilson, George Humphrey, and Foster Dulles, after months of study of information available to them from all parts of the world, agree that $38 billion is the minimum we should spend for our own security, I say that cutting the defense budget in any substantial amount below the level they have recommended would be a reckless and foolhardy action which on sober reflection the American people will not and should not support.

But now we come to the more difficult question. There are many people who say: spending for defense at home is one thing, but the place to cut the budget is in the so-called foreign give-away programs. It has been suggested that these programs could be cut anywhere from $1 to $3 billion without risking any serious damage to the United States.

I believe the President gave an effective answer to these critics on May 21. I would like to underline what he said by stating simply that in my opinion the $4 billion we spend for our programs abroad is as essential a part of our national defense as the $38 billion we spend for our Army, Navy and Air Force at home. And despite the waste and mistakes which are inevitable in such programs, we are getting more for our money in security for the United States in what we are spending abroad than we are in what we are spending at home.

Now to prove a point, let us examine this amount item by item.

Proving A Point

Approximately $3 of the $4 billion goes to Korea, Indo China, Formosa, Thailand, Pakistan, Turkey and other countries to assist them to maintain the armed forces needed for their own defense.

Most of these countries have common borders with Communist nations. If they were not able to defend themselves, the chance that they might be attacked would be increased. If they are attacked we would inevitably become involved.

We had one experience of this type in Korea. That war cost us $18 billion and 157,000 American casualties. Putting it bluntly, it costs less to equip a few Korean divisions than to fight another Korean War.

In other words, if we do not help them to develop the strength which will enable them to defend themselves, our national security will require that we assume that burden ourselves. This would mean that we would have to spend billions more for defense than we presently are spending.

I submit then that cutting the defense portion of our foreign aid programs can under no stretch of the imagination be held sound economy.

This leaves us with approximately $1 billion of the total foreign aid program which is earmarked for economic assistance unrelated directly to military aid programs.

The question is well asked: why should the American people be

taxed to aid the economies of other countries who may not even be allied with us militarily? To find the answer to this question, let us examine the balance of power in the world today. There are approximately 1 billion people allied on the side of the free nations. There are approximately 900 million people under Communist rule, and there are another 700 million people in Asia, the Near East, and Africa who are classified as uncommitted or neutral.

Aiding Neutral Countries

It is to these uncommitted countries that the greater part of this billion dollars in economic assistance will go. I have visited most of these countries. I have seen our various programs in operation. I agree that some of them have been wasteful and badly executed. You can be sure that acting on the recommendations of the Fairless Report and other studies, we shall devote every effort toward eliminating waste and increasing efficiency. But we don't scuttle the fleet because one ship proves to be unseaworthy.

I can state with complete conviction, and with first hand observation, that I know of no expenditure being made by our Government which is more essential to our national security than this one.

The Soviet Union, Communist China, and the satellites are bending every effort to win these people. They are using offers of economic aid. They are spending millions for propaganda. For example, they consider Africa today as important a target as China was to them 25 years ago, and we know what happened there. They realize that if they can win a substantial number of the uncommitted nations to the Communist side they will gain the balance of power and people and resources in the world which will enable them to bring the free nations to their knees without the necessity of fighting a war.

The major danger which confronts the free world today is not defeat in a shooting war. We must never forget that the Communists gained over 600 million people since World War II through means other than overt aggression.

The people of the uncommitted nations are determined to have economic progress. They would prefer to gain that progress and keep their freedom and independence at the same time. I am convinced that if we and other free nations do not help them, they will turn elsewhere for help. They will be forced to listen to the Moscow line which promises plenty at the cost of freedom.

This, then, is what is at stake —700 million people plus the greatest undeveloped natural resources in the world today. By helping these countries to help themselves through technical assistance, by making loans available to them in a very significant new approach for development as a supplement to the funds which will be invested by private enterprise, by standing ready to assist countries like Iran and Jordan when they are confronted with an economic emergency, we will effectively stop the Communists in their efforts to increase their sphere of domination, and we will, at the same time, help these nations to acquire and retain the economic and political independence with which international Communism is completely incompatible.

U. S. S. R. Problems

We have been discussing our problems in the United States. Let us examine for a moment the problems of the Communists. There are definite signs of weakness in the Communist empire of today. The economic strain of armament and their foreign aid programs without question are beginning to tell on their economy. The education given to their executives is leading to demands for freedom.

History tells us that a dictatorship must have new victories in order to give its people reasons for their sacrifices in living standards. It must expand or its internal strains will ultimately tear it asunder. From 1945 to 1950, the Communists gained a vast empire and domination over 600 million people. In the past seven years, they have been brought to a halt and the inevitable strain is beginning to tell.

I believe that we are now winning the battle for the world. Our military strength has been built to the point that the Communists are deterred from launching an attack. Our economic strength has aided in stopping their expansion by means other than war. If we can continue on our present course, we have a chance, a real chance, to win the victory we want without war.

No Time to Cut

This is no time to announce to the Communists and the world that we are tired of the struggle. This is no time to lose our vision and our courage. We Americans react magnificently when we are threatened with disaster. The Marshall Plan, the aid to Greece and Turkey, the support of the Formosa Resolution, our resistance in Korea, are all examples of this national characteristic. What we must do now is to demonstrate to ourselves and the world that we have the same will to win and willingness to sacrifice when we are inspired by the opportunity for victory without war as we have when we are frightened by the threat of defeat in war.

This, then, is the case as I see it for our defense and foreign aid budgets. The President is the man primarily responsible for our national defense. He has indicated what he believes to be the minimum we should spend both at home and abroad if we are adequately to protect our security. The Congress has the power to appropriate less than he requests, but in doing so it must assume its share of responsibility in the event world developments prove those cuts to have been unwise. I am glad to report that I believe support for the President's position is growing among both Democrats and Republicans in the Congress and that the prospects for approval of his program have substantially improved.

I could think of a number of subjects which would be more pleasant to discuss than the budget. I recognize that there has developed a great ground swell of opposition to government spending, understandably so, all over the nation and that this opposition is directed with particular vehemence against our foreign aid programs. I realize that it would be far more popular either to ignore the subject or to go along with the tide of opposition.

But I believe it is the responsibility of the members of an Administration to analyze the facts on such an issue, reach decisions which we consider to be in the national interest, and then to fight for enactment of our program by the Congress.

It is on that basis that I present the case for our defense in foreign assistance programs. I believe that they are necessary for our survival and that substantial cuts in the amounts we have requested will jeopardize not only our safety, but our chance for victory in the world struggle.

I have faith that as the American people know the facts they will not fail to meet the challenge which confronts them in this moment of destiny.

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The Tax-Exempt Bond Fund

type funds, averaging perhaps 4% of the offering price.

— the management fee will be about ½ the fee for equity-type funds, averaging perhaps ¼ of 1% of average assets for the year.

— a high break-even point is almost certain; those who've tested the idea on paper seem to agree that a fund will have to total from $75 to $100 million before its management becomes a profitable venture.

— shares will be offered to the public on the two bases traditional to our business: in lump sum investments or on accumulation plans.

— share prices will be modest, perhaps in the area of $10 to $25 at the start.

— business — especially large amounts—will be carefully underwritten. Outstanding shares in these funds will be redeemable at asset value on demand, as a general matter. Since the underlying securities will be relatively illiquid, the sponsors expect either to limit orders—especially from institutions—or to fill large orders—especially from institutions—only if the investor accepts a limited redemption delay agreement, or only if he agrees to a maximum amount of redemption — say $100,000 in a specified period of time, such as 30 days.

Why do some mutual fund sponsors have an interest in tax-exempt funds — and what leads them to assume there is a large market for shares of such funds?

Their interest is prompted by many considerations. For one—it's rather difficult to imagine a business not being aware of a request that bears the signature of the President of the United States. For another—many people believe that such funds can help to ease the problems of local financing. Managements of some existing funds or fund series believe that a tax-exempt bond fund will round out their offering of a full choice of investment vehicles. And, of course, all believe it will be a profitable undertaking.

To make a profit, these companies must first find their markets —they look to a large, previously untapped market which they believe will permit tax-exempt funds to grow past the break-even point of somewhere in the neighborhood of $100 million per fund. Where does the market lie? Not with the people of vast wealth, I am told. These people already own municipals and are well served by municipal dealers and investment advisors. They have enough invested so that they own and get the diversification of credits, of geography and of maturity dates that a sound portfolio of municipals requires.

The market won't be with big institutional investors, either, for the same and other reasons I'll outline later. It is envisioned as a new market—a retail market as opposed to the present, for the most part, wholesale market. It exists—or is believed to exist—to a lesser degree among the smaller institutions which do not at this time hold tax-exempts because of their restricted resources. To a much larger degree, the potential market is with the high-income, but low-capital investor who has never owned municipals in the past and, normally, never would —professional people, executives, administrative officers of corporations, high income small businessmen, etc.

The type of investor I refer to has almost no capital. He can't buy in $1,000 denominations. He can't appraise the credits issued, I understand, by the incredible figure of 170,000 issuers, and needs professional advice which is not too widely available. He requires diversification. He needs more liquidity than his small holdings, were he invested directly in municipals, could command. He can't gear his financial planning to the maturities that may happen to be available when he's ready to buy. Serial maturities may baffle him. In short, the tax-exempt bond market is not organized and, I understand, is not intended to be organized, to meet the requirements of this type of investor.

Yet in the aggregate, we are told, the modest investor represents the real wealth and income of the nation.

Lets look at some figures. In the most recent year for which we have full statistics, there were about 58,000,000 individual income tax returns filed. Of these some 824,000 showed gross income over $15,000 and less than $100,000. Surprisingly enough, the taxpayers who filed these returns, and who constituted the overwhelming bulk of the so-called "upper bracket taxpayers," do not derive a very large part of their income from investments. For example, a recent analysis of 1952 income returns by the Internal Revenue Service shows that taxpayers reporting $20,000 to $30,000 of income derived 78% of their income from salaries, professional fees, or the conduct of a business. In contrast, taxpayers reporting gross income over $100,000 derived only 38% of their income from these sources. Presumably, the 824,000 individuals and families whose income ranges from $15,000 per year to $100,000 per year are the high income, low capital group the fund people conceive to be the market for tax-exempt bond fund shares.

A pilot study by one investment company sponsor indicates that it would be fair to assume that a tax-exempt bond fund under present conditions could net after expenses, 3% for its shareholders. What does this mean to the market envisioned? Take a married man filing a joint return in various income brackets:

Net Taxable Income After Deductions and Exemptions	Taxable Interest Income Required to net 3% after taxes to investor
$16,000	4.54%
20,000	4.83
30,000	5.66
50,000	7.32
75,000	8.57
100,000	12.00

Even the $16,000 man—whose savings accounts yield, perhaps, 3% taxable, whose savings and loan shares yield, perhaps, 3½% taxable, is a prospect, you can see. He's in a fairly respectable tax bracket; Uncle Sam takes 34% of his top dollar of income, if he files a joint return, and 50% if he files a separate return. The higher up the income scale you go, the more attractive the bond fund becomes.

To reach the market, the tax-exempt bond funds will have a potential retail sales force of approximately 50,000 men and women representing security dealer firms which, up to now, have largely ignored municipals due to problems of inventory, liquidity, etc. If the bond-fund legislation is enacted, over-night about 50,000 security salespeople will have a municipal bond product, a ready-to-sell inventory which will require no outlay of their own capital resources. Perhaps it is proper to assume that a large number of those salesmen in a position for the first time to offer tax-exempt securities, will be quick to suggest their consideration by large numbers of their customers. It may even be fair to anticipate that this new product in the salesman's portfolio will stimulate him to go beyond his existing customer list and develop new prospects, new investors.

One last possibility I feel I ought to mention; if I don't, I'm sure someone will ask the question later on.

How large will tax-exempt bond funds sales be? Would you care to join me in a guessing game? I don't know; no one knows. Against the background of the potential market and the potential sales force, sales could be substantial. If for one reason or another the concept doesn't appeal to the sales people or to the market envisioned, sales could be a disappointment. This is the best answer I have to the question.

Some Problems

What about some of the problems? The first one, obviously, is whether the necessary legislation will be enacted. A second problem is that of educating retail dealers to the realities and possibilities of the tax-exempt fund. Investors should be made thoroughly aware of what they are buying.

I've mentioned another problem — that of "underwriting" business. To be able to honor redemptions on demand, the funds must take steps to reduce the chances of being confronted with single mammoth requests for redemption.

What about the role of municipal dealers? What help will the tax-exempt funds seek from them, and how will they be helped by the funds? First, remember that the managers of a tax-exempt bond fund will be new customers for municipal securities; they're going to want all the advice and counsel that can be obtained only from municipal dealers of long experience. Remember, too, that these managers must take every possible precaution to assure liquidity of their fund. Managements may — and they know they may—some time in the future find it necessary to turn to the municipal dealers for help in liquidating parts of their portfolios in order to meet shareholder requests for redemption. Perhaps its logical for the fund people to expect help in such an event from the dealers who made the original sale to the fund of its portfolio issues, either as part of a new issue, or of a secondary offering. In short, the tax-exempt funds will look to the municipal dealers for an active, responsive, informed market.

The municipal dealer will be essential in helping the funds to price their portfolios, a service to the fund customer which is indispensable to proper administration of an open-end fund.

Are these all the questions? Of course not. There are a myriad of legal-technical operating problems which I've not discussed. Others will undoubtedly come to light. These would seem to be the basic ones in the area of general policy.

Caughlin Director

ROCHESTER, N. Y. — At the last meeting of the board of directors of Fashion Park, Incorporated, Edward J. Caughlin, Philadelphia, was elected a member of the board.

Mr. Caughlin is the senior partner of Edward J. Caughlin & Co., Philadelphia, as well as President of the American Insulator Corp., New Freedom, Pa., and the Associated General Utilities Co. of Philadelphia, Pa.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Academy Life Insurance Co.
April 18 filed 750,000 shares of common stock (par 50 cents) to be offered for subscription by military, National Guard, active, retired or reserves, personnel and not to the public at large. **Price**—$1 per share. **Proceeds**—For operating capital. **Office** — Colorado Springs, Colo. **Underwriter**—None. **Offering**—Expected in about two months.

Acme Steel Co., Riverdale, Ill.
May 1 filed 396,079 shares of common stock (par $10) being offered for subscription by common stockholders of record May 21, 1957 on the basis of one new share for each six shares held; rights to expire on June 5. **Price**—$29.50 per share. **Proceeds**—For expansion program. **Underwriters**—Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

Acme Tool & Engineering Corp.
April 4 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For leasehold improvements; purchase of equipment, inventory material, etc.; and for additional working capital. **Office** — 4142 Howard Ave., Kensington, Md. **Underwriter**—Williams, Widmayer & Co., Washington, D. C.

Agricultural Equipment Corp.
March 1 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—To reduce obligation, purchase tools and for working capital. **Address**—P. O. Box 322, La Junta, Colo. **Underwriter**—Mountain States Securities Corp., Denver, Colo.

● **Air Products, Inc., Allentown, Pa.**
May 1 filed 170,160 shares of common stock (par $1) being offered for subscription by common stockholders of record May 24, 1957 on the basis of one new share for each six shares held; rights to expire on June 10. **Price**—$28 per share. **Proceeds**—For general corporate purposes, including retirement of bank loans and for capital expenditures. **Underwriters** — Reynolds & Co., Inc., New York; Drexel & Co., Philadelphia, Pa.; and Laurence M. Marks & Co., New York.

★ **Alden (Vern E.) Co., Chicago, Ill.**
May 16 (letter of notification) $100,000 of 10-year 12% Employees Participation Certificates to be offered to employees and retired partners of the company based on years of service and mutual agreement of retired partner and the partnership. **Price**—At par ($50 per certificate). **Proceeds** — For working capital. **Office** — 33 N. LaSalle St., Chicago 2, Ill. **Underwriter**—None.

All America Expansion Corp., Pasadena, Calif.
May 3 filed 184,000 shares of common stock, of which 92,000 shares are to be offered to public and 92,000 shares issued to promoters. **Price**—To public, $1 per share; no proceeds from sale to promoters. **Proceeds**—For general corporate purposes. **Business**—Purchase and resale of oil fruits grown in Brazil and other countries. **Underwriter**—None. LeRoy R. Haynes, of Pasadena, Calif., is President.

Allied Finance Co., Dallas, Texas
April 22 filed $1,200,000 6% sinking fund capital debentures due 1972. **Price** — At 100% of principal amount. **Proceeds**—For reduction of bank loans and working capital. **Underwriter**—The First Trust Co. of Lincoln, Neb. **Offering**—Expected this week.

Allied Products of Florida, Inc. (6/3-15)
May 1 filed 130,000 shares of class A common stock (par $1) to be offered to stockholders of record about June 3, 1957; rights to expire about June 18. **Price**—$11.50 per share. **Proceeds**—To retire bank loans, for expansion, inventory purchases, to pay current accounts payable and for working capital. **Business**—Manufactures building materials and electrical appliances. **Office** — St. Petersburg, Fla. **Underwriter**—Atwill & Co., Inc., Miami Beach, Fla.

American Fire & Casualty Co.
May 1 (letter of notification) 12,060 shares of capital stock (par $5) being offered to stockholders of record May 17 on the basis of one new share for each 15 shares held (with an oversubscription privilege); rights to expire June 3, 1957. **Price**—To stockholders, $23 per share; to public, $24 per share. **Proceeds**—To increase capital and paid-in surplus. **Office**—307 S. Orange Ave., Orlando, Fla. **Underwriter**—Goodbody & Co., New York, N. Y.

★ **American Guaranty Corp.**
May 13 (letter of notification) 38,651 shares of common stock (par $1) to be offered to stockholders of record May 17, 1957 on a basis of one new share for each three shares held; rights to expire June 28, 1957. Any unsubscribed shares will be offered to public residents in Rhode Island and Massachusetts. **Price**—$7.50 per share. **Office**—49 Westminster St., Providence, R. I. **Underwriter**—None.

American Hardware Corp.
April 8 filed 118,000 shares of common stock (par $12.50) being offered in exchange for common stock and class B common stock of Kwikset Locks, Inc., at the rate of one share of American Hardware for each two Kwikset common shares and 55,500 American Hardware common shares for 150,000 shares of Kwikset class B common stock. The offer is conditioned upon its acceptance of not less than 85% of the issued and outstanding Kwikset common and class B common shares by June 28. **Underwriter**—None.

★ **American Income Fund, Inc., New York**
May 24 filed 500,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—None. Burton H. Jackson is President. **Investment Adviser** — Securities Cycle Research Corp., New York.

American Provident Investors Corp.
Feb. 15 filed 50,000,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds** — For working capital and general corporate purposes. **Office**—Dallas, Tex. **Underwriter**—Peoples Securities Co., J. D. Grey, of New Orleans, John S. Tanner, of Dallas, and C. L. Edmonds, of Houston, three of the 22 directors, are Chairman, Vice-Chairman and President, respectively.

● **Ames (W. R.) Co. (6/4-5)**
May 13 filed 50,000 shares of capital stock (par $2). **Price** — To be supplied by amendment. **Proceeds** — Together with funds from private sale of $500,000 of notes to insurance firm, to retire bank loan; for expansion and working capital. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

Apache Oil Corp., Minneapolis, Minn.
March 25 filed 50,000 shares of common stock (par $2.50). **Price**—$6 per share. **Proceeds**—For investment in stock of APAF Co., a subsidiary; to carry an inventory of leases for present and future drilling programs; and for general corporate purposes. **Underwriter**—APA, Inc., another subsidiary, Minneapolis, Minn.

★ **Associates Investment Co. (6/19)**
May 24 filed $20,000,000 of 20-year subordinated debentures due June 1, 1977. **Price**—To be supplied by amendment. **Proceeds** — For working capital and to reduce short-term bank borrowings. **Underwriters** — Salomon Bros. & Hutzler and Lehman Brothers, both of New York.

● **Atlas Credit Corp., Philadelphia, Pa. (5/31)**
May 3 filed 680,000 shares of class B common stock (par 10 cents). **Price**—$2.25 per share. **Proceeds**—For working capital. **Underwriter**—J. A. Winston & Co., Inc., New York.

Automatic Merchandising, Inc., Tampa, Fla.
April 17 (letter of notification) 85,714 shares of common stock (par 50 cents) to be offered for subscription by common stockholders at the rate of one new share for each 2.398838 shares held. **Price**—$3.50 per share. **Proceeds**—For expansion. **Office**—107-109 South Willow, Tampa, Fla. **Underwriters**—Stevens, White & McClure, Inc., Tampa, Fla.; French & Crawford, Inc., Atlanta, Ga.; First Florida Investors, Inc., Orlando, Fla.; Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla.; and J. Herbert Evans & Co., St. Petersburg, Fla.

Bankers Fire & Marine Insurance Co.
April 25 (letter of notification) 19,854 shares of common stock (par $5) to be offered to stockholders of record May 30, 1957 on a basis of two new shares for each 11 shares held; rights to expire July 30, 1957. **Price**—$11 per share. **Proceeds** — To increase capital and surplus accounts. **Office** — 312 N. 23rd St., Birmingham 3, Ala. **Underwriter**—None.

Bonanza Oil & Mine Corp., Sutherlin, Ore.
Feb. 11 (letter of notification) 71,710 shares of common stock (par 10 cents). **Price** — 75 cents per share. **Proceeds**—To go to selling stockholder. **Underwriter**—L. D. Friedman & Co., Inc., New York, N. Y.

Boston Edison Co. (6/4)
May 7 filed $25,000,000 of first mortgage bonds, series F, due 1987. **Proceeds**—To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers; Harriman Ripley & Co. Inc.; White, Weld & Co. **Bids**—To be received up to noon (EDT) on June 4 at 182 Tremont Street, Boston, Mass.

★ **Brandywine Loan Inc.**
May 17 (letter of notification) $250,000 of 7% 10-year debentures. **Price**—At par (in multiples of $100 each). **Proceeds**—For working capital. **Office**—147 E. Lincoln Highway, Coatesville, Pa. **Underwriter**—None.

Brantly Helicopter Corp.
April 8 (letter of notification) 21,818 shares of common stock (par 50 cents). **Price**—$13.75 per share. **Proceeds**—For working capital. **Office**—24 Maplewood Ave., Philadelphia 44, Pa. **Underwriter**—Drexel & Co., Philadelphia, Pa. No public offering expected.

● **Bridgeport (Conn.) Gas Co. (6/7)**
May 17 filed 34,572 shares of common stock (no par) to be offered for subscription by common stockholders of record June 7, 1957 on the basis of one new share for each seven shares held; rights to expire on June 21. **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans (presently outstanding $600,000) and for general corporate purposes. **Underwriters**—Smith Ramsay & Co., Inc., Bridgeport, Conn.; and Chas. W. Scranton & Co., New Haven, Conn.

Browne Window Manufacturing Co.
April 10 (letter of notification) 82,500 shares of common stock (par one cent). **Price**—At market. Total offering not to exceed $300,000. **Proceeds**—To selling stockholders. **Office**—1400 East Jefferson Ave., Dallas, Tex. **Underwriter**—Wm. B. Robinson & Co., Corsicana, Tex.

★ **Butler Brothers, Chicago, Ill.**
May 28 filed 40,000 shares of common stock (par $15) to be offered for subscription by certain of the Ben Franklin franchise holders. **Price**—To be supplied by amendment. **Business** — Distributors of general merchandise. **Underwriter**—None.

★ **Buzzards Bay Gas Co.**
May 22 (letter of notification) 5,840 shares of 6% prior preferred stock. **Price**—At par ($25 per share). **Proceeds**—For the purchase of the Barnstable pipeline. **Office**—25 Lyanough Road, Hyannis, Mass. **Underwriter**—Coffin & Burr, Inc., Boston, Mass.

C & D Batteries, Inc.
March 28 (letter of notification) 14,000 shares of common stock (par $10) to be offered for subscription by stockholders and employees. **Price**—$12.50 per share. **Proceeds** — For machinery, equipment, inventories and working capital. **Office** — Washington and Cherry Sts., Conshohocken, Pa. **Underwriter**—None.

Calidyne Corp., Winchester, Mass.
May 1 filed $1,250,000 of Limited Partnership Interests to be offered first to present limited partners at the rate of one $1,000 unit for each $1,000 of his present investment; then to public. **Price**—$1,000 per unit. **Proceeds** — To construct plant; to purchase machinery and equipment; and to reduce outstanding demand notes. **Business**—Produces electro-dynamic shaker and other vibration test equipment. **Underwriter**—None. Robert C. Lewis, Philip C. Efromson and Thomas Gouzoula, all of Winchester, Mass., are the general partners of this Massachusetts Limited Partnership.

★ **Capital Reserve Corp., Washington, D. C.**
May 24 filed (by amendment) an additional $1,000,000 in Potomac Plans for the Systematic Accumulation of Common Stock of Potomac Electric Power Co.

Capper Publications, Inc., Topeka, Kan.
March 25 filed $1,000,000 of five-year 4% first mortgage bonds, series six, and $3,000,000 of 10-year 5% first mortgage bonds, series seven. **Price**—At par. **Proceeds**—To redeem outstanding bonds and for improvement of present facilities and other corporate purposes. **Underwriter**—None.

Carolina Mines, Inc., Kings Mountain, N. C.
March 29 filed 679,469 shares of common stock, of which 283,676 shares are to be offered for subscription by stockholders at the rate of five additional shares for each four shares held; and the remainder will be offered to the public. **Price**—At par ($1 per share). **Proceeds**—To repay loans, for exploration and development work, construction and working capital. **Underwriter** — None. A. S. MacCulloch of Vancouver, B. C., Canada, is President and principal stockholder.

★ **Chess Uranium Corp.**
May 14 (letter of notification) 600,000 shares of common stock (par $1—Canadian). **Price**—50 cents per share. (U. S. funds). **Proceeds**—For exploration costs, etc. **Office**—5616 Park Ave., Montreal, Canada. **Underwriter**—Jean R. Veditz Co., Inc., 160 Broadway, New York.

★ **Chinese World of New York, Inc.**
May 21 (letter of notification) 5,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For equipment, etc. **Business**—A newspaper publishing firm. **Office**—41 Division Street, New York, N. Y. **Underwriter**—None.

★ **Cities Service Co.**
May 23 filed $5,390,000 of participations in the Employees' Thrift Plan of this company and its participating subsidiary companies, together with 80,000 shares of common stock which may be purchased under this plan.

Clark Oil & Refining Corp.
March 22 (letter of notification) 5,000 shares of common stock (par $1). **Price** — At market (estimated at about $20 per share). **Proceeds**—To Emory T. Clark, President of company. **Office**—8530 W. National Ave., West Allis, Wis. **Underwriter**—Loewi & Co., Inc., Milwaukee, Wis.

Coastal Chemical Corp., Yazoo City, Miss.
May 1 filed 150,000 shares of class C common stock to be offered for sale to farmers and other users of fertilizer materials. **Price**—At par ($25 per share). **Proceeds**—To construct and operate facilities for manufacture of anhydrous ammonia. **Underwriter**—Mississippi Chemical Corp.; Yazoo City, Miss.

Colonial Aircraft Corp., Sanford, Me.
March 29 filed 250,000 shares of common stock (par 10¢), to be issued upon exercise of warrants to purchase the following number of shares and held as follows: Glick & Co., Inc., underwriters of original offering, 140,000 shares; and by three individuals 110,000 shares. **Price**—

Shares to be offered at market. Warrants are exercisable at 10 cents per warrant. **Proceeds**—From sale of shares to sellers of warrants. **Underwriter**—None.

Columbia Gas System, Inc. (6/6)
May 8 filed $20,000,000 of debentures, series H, due 1982. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly). **Bids**—To be received up to noon (EDT) on June 6 at 120 East 40th Street, New York 17, N. Y.

Comico Corp., Memphis, Tenn.
May 2 filed 750,000 shares of common stock. **Price**—$2 per share. **Proceeds**—To construct mill; for payment on mining leases and royalty agreement. **Underwriter**—Southeastern Securities Corp., New York.

★ **Commercial Credit Co. (6/11)**
May 28 filed $75,000,000 of senior notes due 1977. **Price**—To be supplied by amendment. **Proceeds**—To pay off short-term loans. **Underwriters** — The First Boston Corp. and Kidder, Peabody & Co., both of New York.

Consolidated Natural Gas Co. (6/11)
May 9 filed $25,000,000 of debentures due June 1, 1982. **Proceeds**—For 1957 construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly); Morgan, Stanley & Co. and the First Boston Corp. (jointly). **Bids**—To be received at Room 3000, 30 Rockefeller Plaza, New York 20, N. Y., up to 11:30 a.m. (EDT) on June 11.

Conticca International Corp., Chicago, Ill.
March 13 filed 558,100 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds** — To discharge current notes payable, including bank loans, and long term debt in the total sum of approximately $1,030,000; for new equipment; and for working capital. **Underwriters** — Allen Shaw & Co., 405 Lexington Ave., New York 17, N. Y.; and Shaw & Co., San Marino, Calif.

● **Continental Gin Co., Birmingham, Ala.**
April 30 filed 143,298 shares of common stock (no par) being offered for subscription by common stockholders of record May 27, 1957 at the rate of one additional share for each share held; rights to expire on or about June 17. **Price**—$30 per share. **Proceeds**—For expansion program and machinery and equipment. **Underwriter**—Courts & Co., Atlanta, Ga.

Continental Mines & Metals Corp., Paterson, N. J.
April 24 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For exploration and development of properties. **Underwriter** — Leward M. Lister & Co., Boston, Mass.

Continental Turpentine & Rosin Corp.
March 12 (letter of notification) 11,400 shares of capital stock (par $5) and $125,000 of 20-year 5% subordinate debentures dated March 31, 1957 to be offered in denominations of $100 to present stockholders, officers and employees of the corporation at rate of 3/10ths of a share of new stock for each share held and $300 debentures for each 100 shares held. **Price**—Of stock, $15 per share; and of debentures at face amount. **Proceeds**—For construction purposes in Shamrock, Fla. **Office** — Laurel, Miss. **Underwriter**—None.

Cougar Mine Development Corp.
March 15 (letter of notification) 560,000 shares of common stock (par one cent). **Price** — 50 cents per share. **Proceeds** — For diamond drilling on company's lands, prospecting expenses, working capital and other corporate purposes. **Office**—83 Campfield St., Irvington, N. J. **Underwriter**—Roth & Co., Maplewood, N. J.

Daybreak Uranium, Inc., Opportunity, Wash.
May 7 filed 631,925 shares of common stock (par 10 cents). **Price** — At market (approximately 53 cents per share). **Proceeds**—To selling stockholders. **Underwriter** Herrin Co., Seattle, Wash.

DeKalb & Ogle Telephone Co.
April 25 (letter of notification) 22,025 shares of common stock to be offered to stockholders of record May 1, 1957 on the basis of one new share for each seven shares held; rights to expire June 14, 1957. **Price**—At par ($10 per share). **Proceeds**—For a construction program. **Office**—112 W. Elm St., Sycamore, Ill. **Underwriter**—None.

★ **Delaware Power & Light Co. (6/24)**
May 28 filed $15,000,000 of first mortgage and collateral trust bonds due 1987. **Proceeds**—To retire bank loans and for construction program of company and its sub-

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NEW ISSUE CALENDAR

May 31 (Friday)
Atlas Credit Corp. ... **Class B Common**
(J. A. Winston & Co., Inc.) $1,430,000
Bank of Montreal ... **Common**
(Offering to stockholders—no underwriting) 900,000 shares
Quinta Corp. ... **Common**
(Frederic H. Hatch & Co., Inc.; Clark, Landstreet & Kirkpatrick, Inc.; and Minor, Mee & Co.) $350,000

June 3 (Monday)
Allied Products of Florida, Inc. ... **Class A Common**
(Offering to stockholders—underwritten by Atwill & Co., Inc.) 130,000 shares
Central of Georgia Ry. ... **Equip. Trust Ctfs.**
(Bids noon EDT) $2,550,000

June 4 (Tuesday)
Alabama Great Southern RR. ... **Equip. Trust Ctfs.**
(Bids noon EDT) $2,400,000
Ames (W. R.) Co. ... **Common**
(Dean Witter & Co.) 50,000 shares
Boston Edison Co. ... **Bonds**
(Bids noon EDT) $25,000,000
First National Bank of Fort Worth ... **Common**
(Offering to stockholders—underwritten by Dallas Union Securities Corp. and First Southwest Corp.) $2,400,000
Moore Products Co. ... **Common**
(Hemphill, Noyes & Co. and Parrish & Co.) 100,000 shares
Northern States Power Co. (Wis.) ... **Bonds**
(Bids 10 a.m. CDT) $10,000,000
Virginia Electric & Power Co. ... **Common**
(Bids 11 a.m. EDT) 1,000,000 shares

June 5 (Wednesday)
General Telephone Co. of California ... **Bonds**
(Bids 11 a.m. EDT) $20,000,000
Heritage Petroleum Corp. ... **Debentures & Stock**
(Kuhn, Loeb & Co. to act as agent) $4,181,250
Indiana Harbor Belt RR. ... **Bonds**
(Bids noon CDT) $8,125,000
Philadelphia Electric Co. ... **Common**
(Offering to stockholders—Drexel & Co. and Morgan Stanley & Co. to act as underwriters) 609,815 shares
Southern California Edison Co. ... **Preferred**
(The First Boston Corp. and Dean Witter & Co.) 1,200,000 shares
Vanadium-Alloys Steel Co. ... **Common**
(Offering to stockholders—underwritten by Goldman, Sachs & Co.) 51,000 shares

June 6 (Thursday)
Columbia Gas System, Inc. ... **Debentures**
(Bids noon EDT) $20,000,000
General Precision Equipment Corp. ... **Preference**
(Offering to common stockholders) 194,200 shares
Georgia Power Co. ... **Bonds**
(Bids 11 a.m. EDT) $15,500,000
Trane Co. ... **Common**
(Smith, Barney & Co.) 150,000 shares

June 7 (Friday)
Bridgeport Gas Co. ... **Common**
(Offering to stockholders—underwritten by Smith, Ramsay & Co., Inc. and Chas. W. Scranton & Co.) 34,572 shares

June 10 (Monday)
Metropolitan Edison Co. ... **Bonds**
(Bids noon EDT) $19,000,000
Northern Ontario Natural Gas Co. ... **Debs. & Stk.**
(Bear, Stearns & Co. and Hemphill, Noyes & Co.) $8,000,000
Reading & Bates Offshore Drilling Co. ... **Debs. & Stk.**
(Hulme, Applegate & Humphrey, Inc., The Milwauke Co., The Ohio Co. and Stroud & Co., Inc.) $1,700,000 of debentures and 170,000 shares of common stock

June 11 (Tuesday)
Commercial Credit Co. ... **Notes**
(The First Boston Corp. and Kidder, Peabody & Co) $75,000,000
Consolidated Natural Gas Co. ... **Debentures**
(Bids 11:30 a.m EDT) $25,000,000
Kaiser Industries Corp. ... **Common**
(The First Boston Corp.; Dean Witter & Co.; and Carl M. Loeb, Rhoades & Co.) 900,000 shares
New York Central RR. ... **Equip. Trust Ctfs.**
(Bids noon EDT) $6,450,000
Portland Gas & Coke Co. ... **Common**
(Offering to stockholders—may be negotiated) 225,976 shares

June 12 (Wednesday)
Lake Lauzon Mines, Ltd. ... **Common**
(Steven Randall & Co., Inc.) $300,000
Michigan Wisconsin Pipe Line Co. ... **Bonds**
(Bids 11 a.m. EDT) $30,000,000

June 13 (Thursday)
Norfolk & Western Ry. ... **Equip. Trust Ctfs.**
(Bids to be invited) $6,450,000
Timken Roller Bearing Co. ... **Common**
(Offering to stockholders—to be underwritten by Hornblower & Weeks) 484,276 shares

June 17 (Monday)
Consolidated Water Co. ... **Preferred**
(The Milwaukee Co.) $250,000
Government Employees Corp. ... **Debentures**
(Offering to stockholders—underwritten by Johnston, Lemon & Co. and Eastman Dillon, Union Securities & Co.) $661,040
Michigan Consolidated Gas Co. ... **Bonds**
(Bids 11 a.m. EST) $30,000,000
Montana-Dakota Utilities Co. ... **Debentures**
(Bids to be invited) $10,000,000
Outboard Marine Corp. ... **Common**
(Offering to stockholders—underwritten by Morgan Stanley & Co.) 486,058 shares
Seaporcel Metals, Inc. ... **Common**
(Charles Plohn & Co.) $680,000

June 18 (Tuesday)
Fairbanks, Morse & Co. ... **Debentures**
(A. C. Allyn & Co., Inc.) $15,000,000
Gulf States Utilities Co. ... **Common**
(Bids 11 a.m. EDT) 200,000 shares
Public Service Electric & Gas Co. ... **Preferred**
(May be Morgan Stanley & Co.; Drexel & Co.; and Glore, Forgan & Co.) $25,000,000
Southern Bell Telephone & Telegraph Co. ... **Debs.**
(Bids to be invited) $70,000,000
Trans World Airlines, Inc. ... **Common**
(Offering to stockholders—no underwriting) 3,337,036 shares

June 19 (Wednesday)
Associates Investment Co. ... **Debentures**
(Salomon Bros. & Hutzler and Lehman Brothers) $20,000,000
Texas Eastern Transmission Corp. ... **Preferred**
(Dillon, Read & Co. Inc.) $20,000,000
Texas Eastern Transmission Corp. ... **Debentures**
(Dillon, Read & Co. Inc.) $15,000,000

June 20 (Thursday)
Erie RR. ... **Equip. Trust Ctfs.**
(Bids noon EDT) $2,925,000

June 24 (Monday)
Delaware Power & Light Co. ... **Bonds**
(Bids to be invited) $15,000,000

June 25 (Tuesday)
Barium Steel Corp. ... **Debentures**
(Lee Higginson Corp. and Allen & Co.) $10,000,000
Puget Sound Power & Light Co. ... **Bonds**
(Bids noon EDT) $20,000,000
Stinnes (Hugo) Corp. ... **Common**
(Bids 3:45 p.m. EDT) 530,712 shares

June 26 (Wednesday)
Duquesne Light Co. ... **Common**
(Bids 11 a.m. EDT) 265,000 shares

June 27 (Thursday)
Southern California Gas Co. ... **Bonds**
(Bids to be invited) $35,000,000
Tampa Electric Co. ... **Common**
(Offering to stockholders—may be underwritten) 217,286 shares

June 28 (Friday)
First National City Bank of New York ... **Common**
(Offering to stockholders—may be underwritten by The First Boston Corp.) $120,000,000

July 1 (Monday)
Mountain States Telephone & Telegraph ... **Common**
(Offering to stockholders—no underwriting) 584,176 shares

July 2 (Tuesday)
Rochester Gas & Electric Corp. ... **Bonds**
(Bids to be invited) $15,000,000

July 9 (Tuesday)
Texas Electric Service Co. ... **Preferred**
(Merrill Lynch, Pierce, Fenner & Beane) $10,000,000
Wisconsin Telephone Co. ... **Debentures**
(Bids to be invited) $30,000,000

July 10 (Wednesday)
Washington Water Power Co. ... **Bonds**
(Kidder, Peabody & Co.; Blyth & Co., Inc.; White, Weld & Co.; and Laurence M. Marks & Co.) $30,000,000
West Penn Power Co. ... **Bonds**
(Bids to be invited) about $20,000,000

July 16 (Tuesday)
Jersey Central Power & Light Co. ... **Bonds**
(Bids 11 a.m. EDT) $15,000,000

July 17 (Wednesday)
Great Northern Ry. ... **Equip. Trust Ctfs.**
(Bids to be invited) $4,965,000
Tampa Electric Co. ... **Bonds**
(Bids 11 a.m. EDT) $18,000,000
Texas Electric Service Co. ... **Bonds**
(Bids to be invited) $10,000,000

July 23 (Tuesday)
Pacific Gas & Electric Co. ... **Bonds**
(Bids to be invited), $60,000,000

July 25 (Thursday)
Southern Pacific Co. ... **Equip. Trust Ctfs.**
(Bids to be invited) about $9,000,000

July 30 (Tuesday)
Bell Telephone Co. of Pennsylvania ... **Debentures**
(Bids 11 a.m. EDT) $50,000,000

August 12 (Monday)
Pacific Telephone & Telegraph Co. ... **Debentures**
(Bids to be invited) $90,000,000

August 20 (Tuesday)
Northern States Power Co. (Minn.) ... **Bonds**
(Bids 11 a.m. EDT) $15,000,000

September 4 (Wednesday)
Louisville Gas & Electric Co. ... **Bonds**
(Bids to be invited) $15,000,000

September 10 (Tuesday)
Duke Power Co. ... **Bonds**
(Bids to be invited) $50,000,000

September 11 (Wednesday)
New Jersey Bell Telephone Co. ... **Debentures**
(Bids to be invited) $30,000,000

October 1 (Tuesday)
Southwestern Bell Telephone Co. ... **Debentures**
(Bids to be invited) $100,000,000
Utah Power & Light Co. ... **Bonds**
(Bids to be invited) $15,000,000
Utah Power & Light Co. ... **Common**
(Bids to be invited) 400,000 shares

October 15 (Tuesday)
Indiana & Michigan Electric Co. ... **Bonds**
(Bids 11 a.m. EST) $20,000,000

November 19 (Tuesday)
Ohio Power Co. ... **Bonds**
(Bids 11 a.m. EST) $28,000,000
Ohio Power Co. ... **Preferred**
(Bids 11 a.m. EST) $7,000,000

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sidiaries. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman, Dillon, Union Securities & Co.; Merrill Lynch, Pierce, Fenner & Beane, and Kidder, Peabody & Co. (jointly); Kuhn, Loeb & Co.; Salomon Bros. & Hutzler and Wood, Struthers & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly); Francis I. du Pont & Co. and Reynolds & Co. (jointly); Lehman Brothers. **Bids**—Tentatively scheduled to be received on June 24.

★ Diversified, Inc.
May 16 (letter of notification) 50,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—For investment in real estate and for making loans. **Office**—500 Monroe St., Amarillo, Tex. **Underwriter**—None.

Dominion Resources Development Co.
May 10 (letter of notification) 298,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For exploration and development; road improvement; general corporate purposes and working capital. **Office**—1129 Vermont Ave., N. W., Washington 5, D. C. **Underwriter**—Landrum Allen & Co., Inc., Washington, D. C.

Dorr-Oliver, Inc.
May 7 filed 173,970 shares of common stock (par $7.50) to be offered for subscription by stockholders of record May 29, 1957 on the basis of one share for each six common shares held and one share for each three preferred shares held; rights to expire on June 12, 1957. **Price**—To be supplied by amendment. **Proceeds**—For corporate purposes. **Underwriter**—Dominick & Dominick, New York. **Offering**—Expected this week.

● Duquesne Light Co. (6/26)
May 22 filed 265,000 shares of common stock (par $10). **Proceeds**—To Standard Shares, Inc. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and Merrill Lynch, Pierce, Fenner & Bean (jointly); Kuhn, Loeb & Co. and Smith, Barney & C. (jointly); The First Boston Corp. and Lehman Brothers (jointly); Kidder, Peabody & Co., Stone & Webster Securities Corp. and White, Weld & Co. (jointly). **Bids**—To be received by Standard Shares, Inc., 15 Broad Street, New York 5, N. Y., up to 11 a.m. (EDT) on June 26.

Engelberg Huller Co., Inc.
May 6 (letter of notification) 4,084 shares of common stock (par $10) to be offered for subscription by stockholders of record May 15, 1957 on a 3-for-10 basis; rights to expire June 15. **Price**—$25 per share. **Proceeds**—For expansion of belt grinder division. **Office**—831 West Fayette St., Syracuse, N. Y. **Underwriter**—None.

Eric Corp. of America, Philadelphia, Pa.
May 14 filed $375,000 of 10-year 6% debentures due March 1, 1967; 3,750 shares of 7% cumulative preferred stock (par $100); and 7,500 shares of common stock (par $1) to be offered in units of $500 of debenture, five shares of preferred stock and 10 shares of common stock. **Price**—$1,010 per unit. **Proceeds**—Together with other funds, to purchase, directly or through subsidiaries, drive-in theatres; to acquire other properties, etc.; and for working capital. **Underwriter**—None.

★ Estates Life of Washington
May 17 (letter of notification) 7,500 shares of voting common stock and 7,500 shares of non-voting common stock (par $10). **Price** — $20 per share. **Proceeds** — To qualify the company to do business as an insurance company in the State of Washington. **Office**—7001 Main Street, Vancouver, Wash. **Underwriter**—None.

★ Fairbanks, Morse & Co., Chicago, Ill. (6/18)
May 27 filed $15,000,000 of convertible subordinated debentures due June 1, 1972. **Price** — To be supplied by amendment. **Proceeds**—To purchase 300,000 shares of company's common stock presently owned by Penn-Texas Corp. at $50 per share. **Underwriter**—A. C. Allyn & Co. Inc., Chicago, Ill.

Famous Virginia Foods Corp., Lynchburg, Va.
April 29 (letter of notification) 12,640 shares of common stock (par $5) and $100,000 of convertible 6% debentures due 1967 of which 7,000 shares of common stock and $70,000 debentures are to be offered in units of $500 of debentures and 50 shares of common stock; the remaining common stock and debentures are reserved for rescission offer, etc. **Price**—$1,000 per unit. **Proceeds**—To buy equipment and for general corporate purposes. **Office**—922 Jefferson St., Lynchburg, Va. **Underwriter**—Whitney & Co., Inc., Washington, D. C.

First Mississippi Corp., Jackson, Miss.
April 10 filed 10,000,000 shares of common stock (par $1), of which 2,500,000 shares are to be offered publicly at $4 per share prior to Nov. 30, 1957, each purchaser of one share to receive an option to purchase two additional shares at any time prior to Nov. 30, 1959 at $4.50 per share. The price of the remaining 2,500,000 shares will be $5 each, of which 500,000 shares are to be reserved for exercise of options to be granted to directors, officers and employees. **Proceeds** — For industrial and business development of Mississippi and the South. **Underwriter**—None.

Florida Power Corp.
April 19 filed 255,813 shares of common stock (par $7.50) being offered for subscription by common stockholders of record May 14, 1957 on the basis of one share for each 10 shares held (with an oversubscription privilege); rights to expire on June 3. **Price**—$51 per share. **Proceeds** — For construction program. **Underwriters** — Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

Florida Trust, Pompano Beach, Fla.
March 4 filed 850 certificates of beneficial interest in the Trust. **Price**—$1,000 per certificate. **Proceeds**—To acquire by purchase, lease or otherwise, and to hold, own, subdivide, lease, mortgage, exchange, bargain, sell and convey lands and every character of real property. **Underwriter**—None.

★ Foster-Forbes Glass Co., Marion, Ind.
May 21 (letter of notification) 8,339 shares of common stock (par $1.50). **Price**—$25 per share. **Proceeds**—To go to four selling stockholders. **Underwriter**—Raffensperger, Hughes & Co., Inc.; Indianapolis, Ind.

General Aniline & Film Corp., New York
Jan. 14 filed 426,988 shares of common A stock (no par) and 1,537,500 shares of common B stock (par $1). **Proceeds**—To the Attorney General of the United States. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and The First Boston Corp. (jointly); Kuhn, Loeb & Co., Lehman Brothers and Glore, Forgan & Co. (jointly). **Bids** — Had been scheduled to be received up to 3:45 p.m. (EDT) on May 13 at Room 654, 101 Indiana Ave., N. W., Washington 25, D. C., but bidding has been postponed.

General Credit, Inc., Washington, D. C.
Aug. 17, 1956 filed $2,000,000 of 6% subordinated sinking fund debentures, due Sept. 1, 1971, with detachable warrants to purchase 160,000 shares of participating preference stock, to be offered in units of $500 of debentures and 40 warrants. **Price**—$500 per unit. **Proceeds**—For expansion and working capital. **Underwriter**—None named. Offering to be made through selected dealers. Application is still pending with SEC.

General Precision Equipment Corp. (6/6)
May 17 filed 194,200 shares of cumulative convertible preference stock ($50 liquidating value) to be offered for subscription by common stockholders of record June 5, 1957 on a 1-for-6 basis and by holders of $1.60 cumulative preference stock on a 1-for-9 basis; rights to expire on June 24, 1957. **Price**—To be supplied by amendment. **Proceeds**—To increase working capital. **Underwriters**—The First Boston Corp. and Tucker, Anthony & R. L. Day, both of New York.

General Telephone Co. of California (6/5)
May 3 filed $20,000,000 of first mortgage bonds, series K, due June 1, 1987. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp. (jointly); White, Weld & Co. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on June 5.

General Telephone Corp., New York
April 26 filed $44,520,600 of 4½% convertible debentures due 1977, being offered for subscription by common stockholders of record May 16, 1957 on the basis of $100 of debentures for each 30 shares of common stock held; rights to expire on June 10. **Price**—At par. **Proceeds**—For investment in and temporary advances to telephone subsidiaries and for general corporate purposes. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York; and Mitchum, Jones & Templeton, of Los Angeles, Calif.

★ General Telephone Corp., New York
May 24 filed 1,480,787 shares of common stock (par $10) and 170,000 shares of 5.28% convertible preferred stock (par $50) to be offered in exchange for common and preferred stocks of Peninsular Telephone Co. on the basis of 1.3 shares of General common for each share of Peninsular common, and one-half share of General preferred share for each share of Peninsular $1 preferred, $1.30 preferred and $1.32 preferred. No exchange of preferred stock will be made unless at least 80% of the Peninsular preferred stock is exchanged. **Underwriter**—None.

Georgia Casualty & Surety Co.
May 10 (letter of notification) 10,000 shares of common stock (par $5) to be offered first to stockholders and agents, then to the public. **Price**—$30 per share. **Proceeds** — To expand and finance the company's regular line of business. **Office**—70 Fairlie St., N. W., Atlanta, Ga. **Underwriter**—None. Dan D. Dominey is President.

Georgia Power Co. (6/6)
May 10 filed $15,500,000 first mortgage bonds due June 1, 1987. **Proceeds** — For construction program and for purchase of shares of capital stock of Southern Electric Generating Co. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Shields & Co. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Harriman, Ripley & Co. Inc. **Bids**—Tentatively expected to be received up to 11 a.m. (EDT) on June 6 at office of Southern Services, Inc., Room 1600, 250 Park Ave., New York 17, N. Y.

★ Gibbs Automatic Moulding Corp.
May 22 filed $1,000,000 of 6% convertible debentures due March 31, 1967. **Price**—At par. **Proceeds**—To increase company's activities and for working capital. **Office**—Henderson, Ky. **Underwriter**—Cook Enterprise, Inc., 111 S. 7th St., Terre Haute, Ind.

Gob Shops of America, Inc.
Jan. 21 (letter of notification) 240,000 shares of common stock (par 30 cents) of which 86,610 shares are being sold pursuant to outstanding warrants. **Price**—$1.25 per share. **Proceeds** — For additional discount department store operation; to increase the number of stores; and for working capital. **Office**—41 Stukely St., Providence, R. I. **Underwriter**—Bruns, Nordeman & Co., New York, N. Y.

★ Government Employees Corp. (6/17)
May 24 filed $661,040 5% convertible capital debentures due June 30, 1967, to be offered for subscription by common stockholders of record June 10, 1957 at the rate of $100 of debentures for each 20 shares of common stock held; rights to expire on July 8, 1957. **Price** — 100% of principal amount. **Proceeds** — For working capital. **Underwriters**—Johnston, Lemon & Co., Washington, D. C.; and Eastman Dillon, Union Securities & Co., New York.

Gulf States Utilities Co. (6/18)
May 17 filed 200,000 shares of common stock (no par). **Proceeds**—To repay a portion of outstanding bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane and Lehman Brothers (jointly); Stone & Webster Securities Corp.; Carl M. Loeb, Rhoades & Co. **Bids**—Expected to be received up to 11 a.m. (EDT) on June 18.

● Hartford Special Machinery Co.
April 30 (letter of notification) 6,105 shares of common stock being offered to stockholders of record May 24, 1957 on the basis of one new share for each eight shares held; rights to expire June 21, 1957. **Price**—At par ($20 per share). **Proceeds**—For construction and equipment and installation of an incentive wage plan. **Office**—287 Homestead Ave., Hartford, Conn. **Underwriter**—None.

● Heritage Petroleum Corp., Dallas, Texas (6/5)
May 16 filed $2,250,000 of 5% income debentures due 1972; 75,000 shares of 6% series A preferred stock (par $10); and 56,250 shares of common stock (par $1) to be offered in units of $750 of debentures, 25 preferred shares and 18.75 common shares. **Price** — $1,018.75 per unit. **Proceeds**—To acquire, own and operate interests in producing oil and gas properties. **Agent**—Kuhn, Loeb & Co., New York.

★ Herold Radio & Electronics Corp.
May 24 filed voting trust certificates for 200,001 shares of common stock (par 25 cents). **Voting Trustees**—Morris J. Steelman and Jerome L. Herold.

Holly Corp., New York
Jan. 25 filed 406,638 shares of 50-cent convertible preferred stock, series A (par $5) and 2,476,116 shares of common stock (par 60 cents), of which all of the preferred and 763,011.3 shares of common stock are being offered in exchange for Mount Vernon Co. preferred and common stock on the basis of one Holly series A share for each of the 406,638 shares of Mount Vernon preferred stock and 2½ shares of Holly common stock for each of the 305,204.52 shares of Mount Vernon common stock. Of the remainder, 210,000 Holly common shares are being offered to certain holders of 35,000 shares of Van Dorn Iron Works Co. common stock on a six-for-one basis; 38,333 Holly common shares are offered to certain finders, 60,000 shares to certain vendors of property; 1,016,595 shares will be reserved against conversion of preferred stock; and the remaining 388,176 are to be reserved for possible issuance at a future date in exchange for 64,696 shares of Van Dorn Iron Works common stock. The offers will expire on July 10. **Underwriter**—None. Statement effective April 24.

Holy Land Import Corp., Houston, Texas
Feb. 27 (letter of notification) 100,000 shares of common stock. **Price**—At par ($3 per share). **Proceeds**—For inventory, working capital, etc. **Underwriter**—Benjamin & Co., Houston, Tex.

Ignacio Oil & Gas Co., Denver, Colo.
May 20 filed 650,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For drilling and completion of test wells; for acquisition and exploration of additional properties; and for working capital. **Underwriter**—None. W. Clay Merideth is President.

★ Income Fund of Boston, Inc., Boston, Mass.
May 27 filed (by amendment) an additional 304,448 shares of common stock (par $1). **Price** — At market. Proceeds—For investment.

● Intermountain Gas Co.
May 6 filed 58,067 shares of common stock (par $1), of which 45,150 shares are being offered for subscription by common stockholders of record May 24, 1957, on the basis of one share for each six shares held; rights to expire on June 11. The remaining 12,917 shares are being offered to employees and others. **Price**—$7.50 per share. **Proceeds** — For construction program. **Underwriter**—White, Weld & Co., New York.

International Bank of Washington, D. C.
Sept. 28 filed $1,000,000 of time certificates, series B, C and D. **Price**—At 100% of principal amount. **Proceeds**—For working capital. **Underwriter**—Johnston, Lemon & Co., Washington, D. C.

International Business Machines Corp.
May 1 filed 1,050,223 shares of capital stock (no par) being offered for subscription by stockholders of record May 21, 1957 on the basis of one new share for each 10 shares held; rights to expire on June 10, 1957. **Price**—$220 per share. **Proceeds**—For working capital. **Underwriter**—Morgan Stanley & Co., New York.

International Duplex Corp., San Francisco, Calif.
Dec. 21 filed 500,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To equip and establish five super launderettes and for working capital. **Underwriters**—Names to be supplied by amendment.

International Fidelity Insurance Co., Dallas, Tex.
March 28 filed 100,000 shares of common stock (no par) to be offered for subscription by stockholders at the rate of one new share for each seven shares held. **Price**—To be supplied by amendment. **Proceeds**—For working capital, etc. **Underwriter**—Franklin Securities Co., Dallas, Texas.

● Interstate Fire & Casualty Co. (Ill.)
March 29 filed 20,000 shares of common stock being offered for subscription by common stockholders of record April 1, 1957, on the basis of two new share for each

five shares held; rights expire on June 10. **Price** — $21 per share. **Proceeds**—For working capital. **Underwriter** —None. Statement effective May 23, 1957.

Investors Variable Payment Fund, Inc.
March 25 filed 10,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Sponsor and Investment Manager** — Investors Diversified Services, Inc., Minneapolis, Minn., which will also act as distributor.

Israel American Industrial Development Bank, Ltd.
Feb. 13 filed $2,500,000 of perpetual 6% debenture stock. **Price** — 110% of par. **Proceeds**—To be converted into Israel pounds and will be used as working capital to extend the medium and long-term credits to enterprises in Israel. **Office**—Tel Aviv, Israel. **Underwriter**—Israel Securities Corp., New York.

Kaiser Industries Corp. (6/11)
May 21 filed 900,000 shares of common stock (par $4). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriters** — The First Boston Corp., New York; Dean Witter & Co., San Francisco, Calif.; and Carl M. Loeb, Rhoades & Co., New York.

● **Lake Lauzon Mines Ltd., Toronto, Can. (6/12)**
March 18 filed 750,000 shares of common stock (par $1). **Price**—40 cents per share. **Proceeds**—For drilling expenses, equipment, working capital and other corporate purposes. **Underwriter**—Steven Randall & Co., Inc., New York.

Levingston Shipbuilding Co., Orange, Texas
May 15 filed 100,000 shares of common stock (par $6), of which 66,666 shares are to be offered for account of company and 33,334 shares for account for selling stockholders. **Price**—To be supplied by amendment. **Proceeds** —To construct a floating drydock and two oil barges and for working capital. **Underwriters** — Underwood, Neuhaus & Co., Inc., Houston, Tex.

Marion Finance Corp., Ardmore, Pa.
March 28 filed $250,000 of 6% renewable subordinated debentures, due upon demand May 1, 1967, without demand May 1, 1972. **Price**—At par (in units of $100 and $500 each). **Proceeds**—For working capital. **Office**—17 W. Lancaster Ave., Ardmore, Pa. **Underwriters**—Walnut Securities Corp., Philadelphia, Pa.; B. Ray Robbins Co., New York; and Berry & Co., Plainfield, N. J.

★ **Marsh Foodliners, Inc., Yorktown, Ind.**
May 15 (letter of notification) 18,181 shares of common stock (no par) to be offered to employees other than those salaried employees who are entitled to a stock option plan. **Price**—$16.50 per share. **Proceeds**—For inventories for a new market. **Underwriter**—None.

McFaul (Claude) Corp.
April 18 (letter of notification) 10,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For acquisition of production machinery and equipment; purchase of materials and tooling; advertising; patent expenses and working capital. **Office**—560 Mills Tower Building, San Francisco, Calif. **Underwriter**—Financial Investors, Inc., Sacramento, Calif.

Metropolitan Edison Co. (6/10)
April 30 filed $19,000,000 of first mortgage bonds due 1987. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Drexel & Co. (jointly); The First Boston Corp. **Bids**—Expected to be received up to noon (EDT) on June 10 at offices of General Public Utilities Corp., 67 Broad St., New York, N. Y.

Michigan Consolidated Gas Co. (6/17)
May 22 filed $30,000,000 of 25-year first mortgage bonds due 1982. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc.; White, Weld & Co. and Lehman Brothers (jointly). **Bids** —To be received up to 11 a.m. (EST) on June 17 at 415 Clifford St., Detroit 26, Mich.

Michigan Wisconsin Pipe Line Co. (6/12)
May 15 filed $30,000,000 of first mortgage pipe line bonds due 1977. **Proceeds**—Together with $3,000,000 from sale of $3,000,000 common stock to parent, American Natural Gas Co., to pay $25,000,000 of bank loans and for construction expenses. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc. **Bids**—Expected to be received up to 11 a.m. (EDT) on June 12 at offices of American Natural Gas Co., 165 Broadway, New York, N. Y.

Midland Telephone Co.
March 13 (letter of notification) 170,154 shares of common stock (par $1) of which 151,487 shares are being offered to stockholders of record April 1, 1957 on the basis of seven shares for each six shares held (with an oversubscription privilege); rights to expire on May 31. The remaining 18,667 shares have been offered to public. **Price**—To stockholders, $1.25 per share and to public, $1.50 per share. **Proceeds** — For retirement of outstanding bonds and working capital. **Office**—126 N. Fifth St. (Box 988), Grand Junction, Colo. **Underwriter** —None.

● **Mid-State Commercial Corp.**
March 29 (letter of notification) $190,000 of 7% registered debenture bonds due May 1, 1967. **Price**—At 100% and accrued interest. **Proceeds**—For expansion of service area and working capital. **Office**—2 King St., Middletown, N. Y. **Underwriter** — Frazee, Olifiers & Co., New York. No public offer contemplated.

Mississippi Valley Portland Cement Co.
Dec. 26 filed 1,600,000 shares of capital stock (no par), of which 708,511 shares are subject to an offer of rescission. **Price**—$3 per share. **Proceeds**—For completion of plant, provide for general creditors and for working capital. **Office**—Jackson, Miss. **Underwriter**—None, offering to be made through company's own agents.

Monticello Associates, Inc.
Feb. 18 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds** — For capital expenditures, including construction of motel, roadside restaurant and gas station. **Business**—Has been processing and selling of gravel. **Office**—203 Broadway, Monticello, N. Y. **Underwriter**—Walnut Securities Corp., Philadelphia, Pa.

Moore Products Co., Philadelphia, Pa. (6/4)
April 30 filed 100,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds**—For improvements and other corporate purposes. **Underwriters**—Hemphill, Noyes & Co. and Parrish & Co., both of New York.

Moore Products Co., Philadelphia, Pa.
April 30 filed 41,204 shares of common stock (par $1) to be offered for subscription by certain employees and officers of company. Of the total, 27,216 shares are to be offered to retire 972 outstanding class B common shares held by employees, and 13,988 shares offered for cash. **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Underwriter**—None.

★ **Motels, Inc.**
May 20 (letter of notification) $250,000 of 10-year 5% mortgage bonds (holders of each bond will be given option to purchase one share of no par common stock for each $100 principal amount of bonds held at $1 upon final payment or expiration of four years, whichever occurs first). **Price**—At par (in denominations of $500 and $1,000 each). **Proceeds**—For modernization of a motel. **Office**—610 Dexter Horton Building, Seattle, Wash. **Underwriter**—None.

Mutual Investment Trust for Profit Sharing-Retirement Plans, Inc., Richmond, Va.
March 19 filed 50,000 shares of capital stock (par $1), to be offered trustees of profit sharing retirement plans. **Price**—At market. **Proceeds**—For investment. **President** —T. Coleman Andrews. **Office** — 5001 West Broad St., Richmond, Va.

● **Mutual Investors Corp. of New York (6/4)**
May 17 (letter of notification) 295,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To acquire real estate properties and mortgages. **Office**—550 Fifth Ave., New York 36, N. Y. **Underwriter** — Stuart Securities Corp., New York.

Mutual Minerals, Inc.
April 22 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For purchase of royalty and working interests. **Office**—1518 Walnut St., Philadelphia 2, Pa. **Underwriter**—Walter S. Sachs & Co., Inc., Philadelphia, Pa.

Nassau Fund, Princeton, N. J.
May 8 filed 250,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Office**—10 Nassau St., Princeton, N. J. **Investment Advisor** — Harland W. Hoisington, Inc., same address. **Offering**—Expected this week.

★ **National Alfalfa Dehydrating & Milling Co., Lamar, Colo.**
May 9 (letter of notification) 23,529½ shares of common stock (par $3) to be offered through warrants to holders of 5% $50 par preferred stock who are participating in the exchange of their shares for 5% debentures pursuant to a plan of recapitalization adopted on April 8, 1957. **Price**—$10 per share. **Proceeds**—To be applied to the sinking fund set up for the retirement of the 5% debentures. **Underwriter**—None.

National Lithium Corp., New York
Feb. 19 filed 3,120,000 shares of common stock (par one cent). **Price**—$1.25 per share. **Proceeds**—For acquisition of properties; for ore testing program; for assessment work on the Yellowknife properties; and for cost of a concentration plant, mining equipment, etc. **Underwriter**—Gearhart & Otis, Inc., New York. **Offering**—Indefinite.

★ **New Britain Machine Co., New Britain, Conn.**
May 17 (letter of notification) 4,000 shares of common stock (par $10) to be offered to employees. **Price**—At average market during week ended May 25, 1957. **Proceeds**—For working capital. **Underwriter**—None.

New Brunswick (Province of)
Dec. 14 filed $12,000,000 of 25-year sinking fund debentures due Jan. 1, 1982. **Price**—To be supplied by amendment. **Proceeds**—To be advanced to The New Brunswick Electric Power Commission to repay bank loans **Underwriter**—Halsey, Stuart & Co. Inc., New York and Chicago. **Offering**—Indefinitely postponed.

● **Northern Ontario Natural Gas Co., Ltd. (6/10)**
May 14 filed $8,000,000 of 5¾% subordinated debentures due 1982 and 400,000 shares of common stock (no par) to be offered in units of $20 of debentures and one share of stock. Units aggregating $3,940,000 of debentures and 197,000 shares of stock will be offered in the United States; the remainder in Canada. **Price**—To be supplied by amendment. **Proceeds**—Together with funds from private sale of $12,000,000 of first mortgage bonds, for construction program. **Office**—Toronto, Canada. **Underwriters**—In United States: Bear, Stearns & Co. and Hemphill, Noyes & Co., both of New York. In Canada: McLeod, Young, Weir & Co. and Bankers Bond Co.

Northern States Power Co. (Wis.) (6/4)
May 2 filed $10,000,000 of first mortgage bonds due June 1, 1987. **Proceeds**—To repay $5,750,000 bank loans and $1,000,000 advanced by parent, Northern States Power Co. (Minn.) and for construction program. **Underwriter** —To be determined by competitive bidding. **Probable bidders**: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane; Lehman Brothers and Riter & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—To be received up to 10 a.m. (CDT) on June 4, at Room 1100, 231 So. La Salle Street, Chicago 4, Ill.

Northwest Telephone Co.
March 28 (letter of notification) 7,200 shares of common stock (par $5) to be offered first to stockholders on a preemptive basis; unsubscribed to employees; and remainder to public. **Price**—$16 per share. **Proceeds**—For construction, payment of current liabilities and working capital. **Office**—1313 Sixth St., Redmond, Ore. **Underwriter**—None.

★ **Oil Ventures, Inc.**
May 13 (letter of notification) 2,500,000 shares of common stock. **Price**—At par ($10 cents per share). **Proceeds**—For development of oil and gas properties. **Office** —725 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Mid America Securities, Inc. of Utah, Salt Lake City, Utah.

★ **Outboard Marine Corp. (6/17)**
May 24 filed 486,058 shares of common stock (par 30 cents) to be offered for subscription by common stockholders of record June 14, 1957 on the basis of one new share for each 15 shares held; rights to expire on July 1, 1957. **Price**—To be supplied by amendment. **Proceeds** —For capital expenditures. **Underwriter**—Morgan Stanley & Co., New York.

Oxford County Telephone & Telegraph Co.
April 18 (letter of notification) 6,000 shares of common stock to be offered to present stockholders on the basis of preemptive rights, thereafter to the public. **Price**—At par ($5 per share). **Proceeds** — For converting exchange at Turner from a manual service to a dial automatic exchange. **Office**—Buckfield, Me. **Underwriter**—None.

★ **Pacific Natural Gas Co., Longview, Wash.**
May 28 filed $1,000,000 of subordinate interim notes due 1963 and 20,000 shares of common stock (par $1) to be offered in units of a $50 note and one common share. **Price** — To be supplied by amendment. **Proceeds** — To repay short-term debt and other current liabilities and for construction program. **Underwriters**—Names to be supplied by amendment.

★ **Pancal Oil Corp.**
May 13 (letter of notification) 299,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For oil drilling expenses. **Office**—27 William St., New York, N. Y. **Underwriter** — Bush Securities Co., New York, N. Y.

Pepsi-Cola Mokan Bottlers, Inc.
April 11 (letter of notification) 60,000 shares of common stock (par 50 cents). **Price**—$5 per share. **Proceeds**—For general funds of the company. **Office**—207 West 8th St., Coffeyville, Kan. **Underwriter** — G. F. Church & Co., St. Louis, Mo.

Philadelphia Electric Co. (6/5)
May 14 filed 609,815 shares of common stock (no par) to be offered for subscription by common stockholders of record June 4, 1957 at the rate of one new share for each 20 shares held; rights to expire on June 25. **Price** —To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriters** —Drexel & Co., Philadelphia, Pa., and Morgan Stanley & Co., New York.

★ **Philip Morris, Inc., New York**
May 28 filed 385,000 shares of common stock (par $5) to be offered in exchange for common stock of Milprint, Inc., Milwaukee, Wis., on a share-for-share basis. The offer will become effective upon deposit of at least 346,500 Milprint common shares. **Underwriter** — None. Lehman Brothers acted as intermediary in negotiating the transaction.

Plymouth Fund, Inc., Miami, Fla.
Feb. 5 filed 500,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter** — Plymouth Bond & Share Corp., Miami, Fla. Joseph A. Rayvis, also of Miami, is President.

● **Portland Gas & Coke Co. (6/11)**
May 22 filed 226,194 shares of common stock (par $9.50) to be offered for subscription by common stockholders of record June 10, 1957 on the basis of one new share for each five shares held; rights to expire on July 1. **Price** — To be supplied by amendment. **Proceeds** — for construction program. **Underwriter**—Lehman Brothers, New York.

Prudential Investment Corp. of South Carolina
April 30 filed 209,612 shares of common stock. **Price**—$1.20 per share. **Proceeds** — For general corporate purposes. **Underwriter** — None. J. C. Todd of Columbia, S. C., is President and Board Chairman.

Public Service Co. of New Mexico
April 25 filed 181,997 shares of common stock (par $5) of which 166,997 shares are being offered for subscription by common stockholders at the rate of one new share for each 10 shares held on May 20, 1957, with rights to expire on June 12. The remaining 15,000 shares are being offered to employees. **Price**—$13.50 per share. **Proceeds** — For construction program. **Underwriter**—Allen & Co., New York, for offer to stockholders.

Puget Sound Power & Light Co. (6/25)
May 17 filed $20,000,000 of first mortgage bonds due July 1, 1987. **Proceeds**—To repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Stone

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& Webster Securities Corp. **Bids**—To be received at 90 Broad St., New York, N. Y., up to noon (EDT) on June 25.

Pyramid Productions, Inc., New York
Sept. 27, 1956, filed 220,000 shares of com. stock (par $1) of which 200,000 shares are to be offered to public and 20,000 shares issued to underwriter. **Price**—$5 per share. **Proceeds**—To retire $125,000 of outstanding 15% debentures as well as a $173,180 debt to Trans-Union Productions, Inc.; and for working capital. **Business**—Television releases. **Underwriter**—E. L. Aaron & Co., New York.

● **Quinta Corp., Santa Fe, N. Mex. (5/31)**
April 22 filed 700,000 shares of capital stock (par five cents). **Price**—50 cents per share. **Proceeds**—For building program, for future development of mineral deposits and working capital. **Underwriters**—Frederic H. Hatch & Co., Inc., New York; Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn.; and Minor, Mee & Co., Albuquerque, N. M.

● **Raytone Screen Corp.**
Feb. 15 (letter of notification) 50,000 shares of common stock (par 10 cents). **Price**—$3.25 per share. **Proceeds**—To reduce debt, for purchase of inventory and for working capital. **Office**—165 Clermont Ave., Brooklyn, N. Y. **Underwriter**—J. P. Emanuel & Co., Inc., Jersey City, N. J. Statement withdrawn.

Reading & Bates Offshore Drilling Co., Tulsa, Okla. (6/10-12)
May 21 filed $1,700,000 of 6% subordinated sinking fund debentures due June 1, 1967, 170,000 shares of common stock (par 20 cents) and stock purchase warrants covering 225,000 shares of common stock to be offered in units of $100 of debentures, 10 shares of stock and one warrant to purchase 15 common shares. **Price**—To be supplied by amendment. **Proceeds**—To be applied to the purchase of off-shore mobile platform and related equipment. **Underwriters**—Hulme, Applegate & Humphrey, Inc., The Milwaukee Co., The Ohio Co. and Stroud & Co., Inc.

★ **Research Products Corp.**
May 17 (letter of notification) 8,200 shares of common stock (par $5) to be offered to stockholders and to selected officers and key employees. **Price** — $12 per share. **Proceeds**—To replace the capital formerly supplied by the preferred stock and to provide additional working capital. **Office**—1015 East Washington Avenue, Madison 10, Wis. **Underwriter**—None.

Resource Fund, Inc., New York
March 29 filed 100,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment. **Underwriter**—None. D. John Heyman of New York is President. **Investment Advisor**—Resource Fund Management Co., Inc., 60 Broadway, New York, N. Y.

★ **Rota Parking, Inc.**
May 13 (letter of notification) 275,000 shares of common stock to be offered to stockholders and the public. **Price**—At par $1 per share). **Proceeds**—For expenses incident to development of a new concept of mechanical parking. **Office**—515 Maritime Bldg., 911 Western Ave., Seattle, Wash. **Underwriter**—None.

St. Louis Insurance Corp., St. Louis, Mo.
March 27 filed 1,250 shares of class C cumulative preferred stock (par $57). **Price**—$97 per share. **Proceeds**—To R. M. Realty Co., who is the selling stockholder. **Underwriter** — Yates, Heitner & Woods, St. Louis, Mo. **Offering**—Expected within the next few weeks.

St. Regis Paper Co.
April 1 filed 850,000 shares of common stock (par $5) to be offered in exchange for common stock of St. Paul & Tacoma Lumber Co. on the basis of 56⅔ shares of St. Regis stock for each share of Lumber company stock. The offer will be declared effective if 95% of the latter stock is deposited for exchange (and may be declared effective at option of St. Regis, if not less than 80% of the stock is deposited).

★ **Salesology, Inc.**
May 13 (letter of notification) 2,500 shares of class A common stock. **Price**—At par ($10 per share). **Proceeds**—To expand activities. **Office**—Suite 630 First National Bank Bldg., 411 N. Central Ave., Phoenix, Ariz. **Underwriter**—None.

San Juan Horse Racing Association
April 29 (letter of notification) 259,945 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For construction of a horse racing oval; erection of stable, etc.; in operating a race track and working capital. **Office**—1040 Main St., Durango, Colo. **Underwriter**—None.

Scruggs (Loyd) Co., Festus, Mo.
April 11 (letter of notification) 54,646 shares of common stock being offered for subscription by common stockholders on the basis of one new share for each share held; rights to expire on May 31. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office** — 1049 Front St., Festus, Mo. **Underwriter** — Scherck, Richter Co.

★ **Scudder Special Fund, Inc., New York**
May 23 filed (by amendment) 100,000 additional shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

★ **Seaporcel Metals, Inc., Long Island City, N. Y. (6/17)**
May 24 filed 340,000 shares of common stock (par 10 cents), of which 300,000 shares are to be offered to public. **Price**—$2 per share. **Proceeds**—For new equipment and working capital. **Underwriter**—Charles Plohn & Co., New York.

Sire Plan, Inc., New York
May 14 filed $1,000,000 of nine-month 8% fund notes. **Price**—At par (in denominations of $100 each). **Proceeds**—For working capital and other corporate purposes. **Underwriter**—Sire Plan Portfolios, Inc., New York.

★ **Southern Bell Telephone & Telegraph Co. (6/18)**
May 28 filed $70,000,000 of 29-year debentures due June 1, 1986. **Proceeds** — To repay advances from parent, American Telephone & Telegraph Co., expected to amount to approximately $36,000,000, and for additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on June 18.

Southern California Edison Co. (6/5)
May 13 filed 1,200,000 shares of cumulative preferred stock (par $25). **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans and for construction program. **Underwriters**—The First Boston Corp., New York, and Dean Witter & Co., Los Angeles and San Francisco, Calif.

Spalding (A. G.) & Bros. Inc.
April 11 filed $2,017,300 of 5½% subordinated convertible debentures due June 15, 1962, being offered for subscription by common stockholders of record May 23, 1957 on the basis of $100 of debentures for each 30 common shares held; rights to expire on June 17. **Price**—At par (flat). **Proceeds**—To reduce bank loans. **Underwriter**—None. The largest stockholder, Pyramid Rubber Co., has agreed to purchase all of the debentures not subscribed for by the other stockholders. Statement effective May 17.

★ **Standard Electrical Products Co.**
May 16 (letter of notification) 99,980 shares of common stock (par 25 cents) to be issued through exercise of warrants on or before June 30, 1961. **Price**—$2 per share. **Proceeds**—For equipment and working capital. **Office**—2240 E. Third St., Dayton 3, Ohio. **Underwriter**—None.

Steadman Investment Fund, Inc., East Orange, N. J.
May 10 filed 100,000 shares of common stock (par $1) to be offered in connection with merger into this Fund of Fund of Fortune, Inc., Fortune II, Inc., Fortune III, Inc. and Fortune IV, Inc. **Underwriter** — William Allen Steadman & Co., East Orange, N. J.

Stinnes (Hugo) Corp., New York (6/25)
March 29 filed 530,712 shares of common stock (par $5), of the presently outstanding 988,890 common shares. **Proceeds** — To the Attorney General of the United States. **Underwriter**—To be determined by competitive bidding. Probable bidders include Kuhn, Loeb & Co., Lehman Brothers and Glore, Forgan & Co. (jointly). **Bids**—To be received up to 3:45 p.m. (EDT) on June 25 at Office of Alien Property, Washington 25, D. C.

Summers Gyroscope Co., Santa Monica, Calif.
May 20 filed 250,080 shares of common stock (par $1) to be offered for subscription by common stockholders of record May 31, 1957 on the basis of two new shares for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—For working capital and general corporate purposes. **Underwriter** — Daniel Reeves & Co., Beverly Hills, Calif.

★ **Tab Products Co.**
May 17 (letter of notification) 10,727 shares of 7% cumulative convertible preferred stock (convertible until Dec. 1, 1966). **Price**—At par ($10 per share). **Proceeds**—To expand inventory and for working capital. **Office**—995 Market Street, San Francisco, Calif. **Underwriter**—None.

★ **Texas Eastern Transmission Corp. (6/19)**
May 29 filed 200,000 shares of cumulative convertible preferred stock (par $100) and $15,000,000 of debentures due 1977. **Price**—To be supplied by amendment. **Proceeds**—For construction program and reduction of bank loans. **Underwriter**—Dillon, Read & Co. Inc., New York.

★ **Texas Glass Manufacturing Corp., Houston, Tex.**
May 28 filed 3,000,000 shares of common stock (par $1), of which 2,700,000 shares are to be offered to public at $2 per share. The remaining 300,000 shares are under option to original stockholders at $1 per share. **Proceeds**—For expansion and working capital. **Underwriter**—T. J. Campbell Investment Co., Inc., Houston, Texas.

● **Timken Roller Bearing Co., Canton, O. (6/13)**
May 21 filed 484,276 shares of common stock (no par) to be offered for subscription by common stockholders of record June 12 on the basis of one new share for each 10 shares held; rights to expire July 1. **Price**—To be supplied by amendment. **Proceeds**—For capital improvements and working capital. **Underwriter**—Hornblower & Weeks, New York.

Titanic Oil Co.
May 6 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For exploration of oil properties. **Office** — 704 First National Bank Bldg., Denver, Colo. **Underwriter**—Wayne Jewell Co., Denver, Colo.

Trane Co., LaCrosse, Wis. (6/6)
May 17 filed 150,000 shares of common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—Smith, Barney & Co., New York.

★ **Trans World Airlines, Inc., New York (6/18)**
May 28 filed 3,337,036 shares of common stock (par $5) to be offered for subscription by common stockholders of record June 17, 1957 at the rate of one new share for each share held; rights to expire on July 8. **Price**—To be supplied by amendment. **Proceeds** — To pay for aircraft and other equipment. **Underwriter** — None. Hughes Tool Co., the holder of 2,476,142 shares of TWA common stock may purchase any unsubscribed shares.

★ **Trewax Corp.**
May 15 (letter of notification) 10,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For working capital, machinery and equipment and to expand advertising program. **Office**—5631 S. Centinela Ave., Culver City, Calif. **Underwriter**—None.

Tripac Engineering Corp.
Feb. 27 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For working capital; machine tools; equipment and proprietary development. **Office** — 4932 St. Elmo Ave., Bethesda 14, Md. **Underwriter**—Whitney & Co., Inc., Washington, D. C.

U. S. Semiconductor Products, Inc.
April 11 filed 500,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — For purchase of new materials and working capital. **Office** — Phoenix, Ariz. **Underwriter** — Jonathon & Co., Los Angeles, Calif.

● **United Utilities, Inc., Abilene, Kansas**
April 25 filed 105,000 shares of common stock (par $10) being offered in exchange for stock of Oregon-Washington Telephone Co. on the basis of 2½ shares for each Oregon-Washington common share and five shares for each Oregon-Washington preferred share. This offer is subject to acceptance by not less than 80% of each class of stock and will expire on July 1. **Dealer-Manager**—Zilka, Smither & Co., Inc., Portland, Ore.

Uranium Corp. of America, Portland, Ore.
April 30 filed 1,250,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment (expected to be $1 per share). **Proceeds**—For exploration purposes. **Underwriter**—To be named by amendment. Graham Albert Griswold of Portland, Ore., is President.

Vanadium-Alloys Steel Co., Latrobe, Pa. (6/5)
May 13 filed 51,000 shares of capital stock (par $5) to be offered for subscription by stockholders at the rate of one new share for each 10 shares held as of record about June 4, 1957; with rights to expire about June 19. **Price** — To be supplied by amendment. **Proceeds** — For expansion program. **Underwriter**—Goldman, Sachs & Co., New York.

Village Enterprises, Inc.
May 9 (letter of notification) $250,000 of 6½% 25-year collateral trust bonds (each $1,000 bond having option attached to purchase 100 shares of common stock at $5 per share exercisable Jan. 1, 1959 through Dec. 31, 1963). **Price**—At face amount. **Proceeds**—To be loaned to company's affiliates. **Office**—1013 Southern Finance Bldg., August, Ga. **Underwriter**—Johnson, Lane, Space & Co., Augusta, Ga.

Virginia Electric & Power Co. (6/4)
May 1 filed 1,000,000 shares of common stock (par $8). **Proceeds**—For construction program. **Underwriters**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane. **Bids**—To be received up to 11 a.m. (EDT) on June 4 at 40 Wall St., New York, N. Y.

Western Electric Co., Inc.
April 16 (letter of notification) 2,856 shares of common stock (no par) being offered for subscription by minority stockholders of record April 9, 1957 at the rate of one new share for each nine shares held; rights to expire on June 3. An additional 1,565,662 shares will be subscribed for by American Telephone & Telegraph Co., the parent. **Price** — $45 per share. **Proceeds** — For expansion, etc. **Office**—195 Broadway, New York 7, N. Y. **Underwriter**—None.

Western Printing & Lithographing Co.
May 15 filed $3,037,640 of 5% serial notes due Dec. 1, 1958 to 1967, inclusive to be offered, together with cash, in exchange for 151,882 shares of capital stock of Kable Printing Co. (Ill.) on the basis of $20 of notes and $6 in cash for each share held. This offer which is to expire July 12, is conditioned upon the acceptance by holders of at least 130,000 shares of Kable stock (about 85%). Holders of Kable stock who own less than 51 shares will receive cash at the rate of $26 per share. **Office**—Racine, Wis. **Underwriter**—None.

★ **Western Resources, Inc.**
May 15 (letter of notification) 800,000 shares of common stock (par 10 cents). **Price** — 20 cents per share. **Proceeds** — For mining expenses. **Office** — 711 Hutton Building, Spokane 4, Wash. **Underwriter**—None.

Wilson & Co., Inc.
Aug. 28 filed $20,000,000 of 20-year sinking fund debentures due 1976. **Price**—To be supplied by amendment. **Proceeds** — To redeem presently outstanding first mortgage bonds, to repay bank loans and for expansion program. **Business**—Meat packing firm. **Underwriters**—Smith, Barney & Co.; Glore Forgan & Co. and Hallgarten & Co., all of New York City. **Offering**—Indefinitely postponed.

Prospective Offerings

Advance Mortgage Corp., Chicago, Ill.
Dec. 4 it was reported this company (to be surviving corporation following merger of First Mortgage Corp. and Irwin Jacobs & Co. of Chicago) plans a public offering of $1,000,000 class A 6% participating convertible stock (par $1). **Underwriter**—Baker, Simonds & Co., Detroit, Mich. **Offering**—Expected in June

Aerojet General Corp.
May 10 it was reported that this company (a 95% owned subsidiary of General Tire & Rubber Co.) may raise between $5,000,000 and $10,000,000 by the sale of additional

common stock, perhaps 25,000 shares or so, either privately or publicly. **Proceeds**—For working capital. **Underwriter**—Kidder, Peabody & Co., New York.

Airborne Instruments Laboratory, Inc.
May 16 it was announced company plans to issue and sell $2,000,000 of 15-year 5¼% unsecured subordinated convertible debentures. American Research & Development Corp., owner of 31,500 shares or 15.8% of Airborne's stock, propose to purchase $320,000 of the new debentures. **Proceeds**—Together with $4,000,000 to be borrowed from institutional investors, for a building and expansion program.

Alabama Great Southern RR. (6/4)
Bids will be received by the company up to noon (EDT) on June 4 for the purchase from it of $2,400,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Allied Paper Corp.
May 13 it was reported company plans to issue and sell some convertible preferred stock. Stockholders on April 24 authorized an issue of 100,000 shares of $50 par value stock, issuable in series. **Proceeds**—To repay short-term debt and for expansion. **Underwriter**—Possibly Julien Collins & Co., Chicago, Ill.

Aluminum Specialty Co.
March 18 it was announced company plans to issue and sell 15,000 shares of $1.20 cumulative convertible preferred stock series A (par $20). **Underwriters**—Emch & Co. and The Marshall Co., both of Milwaukee, Wis.

American European Securities Co.
April 24 stockholders approved a proposal to increase the authorized capitalization from 600,000 shares (consisting of 500,000 common shares and 100,000 preferred shares) to 1,000,000 common shares, without par value. It is probable that additional common stock will be offered to common stockholders during the current year although no offering is presently planned. **Underwriters**—Dominick & Dominick in United States; and Pictet & Cie, in Switzerland. Latter owned of record, but not beneficially, on March 1, 1957, 380,532 of the 459,379 common shares outstanding.

• Arizona Public Service Co.
May 17 it was reported company plans to issue and sell in late Summer or early Fall $10,000,000 of bonds. **Underwriter**—Previous bond financing was done privately through The First Boston Corp. and Blyth & Co., Inc.

Atlantic City Electric Co.
April 9, Bayard L. England, President, announced that later this year the company will probably issue about $5,000,000 of convertible debentures. **Proceeds**—For construction program. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., American Securities Corp. and Wood, Struthers & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly); The First Boston Corp. and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lee Higginson Corp.; Blyth & Co., Inc.

Baltimore Gas & Electric Co.
May 6 it was reported company plans to issue and sell some first mortgage bonds before July 1, 1957. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and The First Boston Corp. (jointly); Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc., and Alex. Brown & Sons (jointly).

Bank of Montreal, Montreal, Canada (5/31)
May 7 it was announced Bank will offer its stockholders of record May 17, 1957, the right to subscribe for 900,000 additional shares of capital stock (par $10) on the basis of one new share for each five shares held; rights to expire on Aug. 9, 1957. Warrants will be mailed on or about May 31. **Price**—$30 per share. **Proceeds**—To increase capital and surplus. **Subscription Agent** — The Royal Trust Co., Montreal, Canada. The offering will not be registered with the Securities and Exchange Commission.

★ Barium Steel Corp. (6/25)
May 27 it was reported company plans to register about June 5 $10,000,000 of 12-year convertible debentures. **Underwriters** — Lee Higginson Corp. and Allen & Co., both of New York.

• Bell Telephone Co. of Pennsylvania (7/30)
April 25 it was announced company plans to issue and sell $50,000,000 of new debentures due 1997. **Proceeds**—To redeem $50,000,000 of 5% series C bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.; White, Weld & Co. and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on July 30.

Birdsboro Steel Foundry & Machine Co.
April 19 it was announced company may have to obtain additional financing, probably this year, to continue building for the future and earning and paying dividends.

Central Hudson Gas & Electric Corp.
April 9 it was announced company plans to issue and sell this year additional first mortgage bonds. **Proceeds**—To finance construction program. **Underwriter**—Probably Kidder, Peabody & Co., New York.

Central Illinois Light Co.
May 14 it was announced company plans to sell around the middle of July $15,000,000 of 30-year first mortgage bonds. **Proceeds** — To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Kuhn, Loeb & Co.; Eastman Dillon, Union Securities & Co.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane and Stone & Webster Securities Corp. (jointly). **Registration**—Expected early in June.

Central Illinois Public Service Co.
April 9 it was reported company plans to issue and sell $10,000,000 of 1st mtge. bonds. **Proceeds**—To reduce bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Equitable Securities Corp.; Eastman Dillon, Union Securities & Co.; Blyth & Co., Inc.; Kidder, Peabody & Co.; and Merrill Lynch, Pierce, Fenner & Beane (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly). **Offering**—Expected late in 1957.

Central Louisiana Electric Co., Inc.
April 8 it was announced company plans to issue and sell late this year $6,000,000 of first mortgage bonds. **Proceeds** — Together with $4,500,000 of 4⅜% 12-year convertible debentures to be placed privately, to be used to repay bank loans and for construction program. **Underwriters**—Kidder, Peabody & Co. and White, Weld & Co. about the middle of last year arranged the private placement of an issue of $5,000,000 series G first mortgage bonds.

★ Central of Georgia Ry. (6/3)
Bids will be received by the company up to noon (EDT) on June 3, at the office of J. P. Morgan & Co. Incorporated, New York, N. Y., for the purchase from it of equipment trust certificates, series D, to mature in 30 equal semi-annual installments to and including June 1, 1972. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Chance Vought Aircraft, Inc.
April 15 it was reported company plans to issue and sell $12,000,000 of convertible securities (debentures of preferred stock). **Underwriter**—May be Harriman Ripley & Co., Inc., New York.

Chicago, Rock Island & Pacific RR.
Bids are expected to be received by the company in July for the purchase from it of about $3,000,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Cleveland Electric Illuminating Co.
Nov. 12 it was reported company plans to issue and sell $25,000,000 of first mortgage bonds in the Summer of 1957. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc.; Dillon, Read & Co. Inc.; Blair & Co. Inc., and Baxter, Williams & Co. (jointly); Glore, Forgan & Co.; White, Weld & Co.

Coastal Transmission Corp.
March 6 it was reported the company plans to offer publicly $7,800,000 of interim notes and 678,900 shares of $1 par stock in units. (Common stock not sold in units would be purchased by Delhi-Taylor Oil Corp., or its stockholders at an average price of $10 per share.) **Proceeds**—Together with funds from private sale of $40,000,000, for construction program. **Underwriters**—Lehman Brothers and Allen & Co., both of New York.

Columbia Gas System, Inc.
Feb. 18, company announced that it plans the issuance and sale of $25,000,000 additional debentures in September (in addition to $20,000,000 additional to be sold at competitive bidding on June 6—see above). **Proceeds**—To help finance 1957 construction program, which is expected to cost approximately $87,000,000. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly). **Bids**—Expected to be received in September.

Columbus & Southern Ohio Electric Co.
Feb. 21 it was reported that company plans to issue and sell in the Fall $8,000,000 of cumulative preferred stock. **Underwriter**—Dillon, Read & Co. Inc., New York.

Connecticut Light & Power Co.
Feb. 18, it was reported company plans to sell not less than $20,000,000 of first mortgage bonds, possibly this Fall, depending upon market conditions. **Proceeds**—For construction program. **Underwriter** — Putnam & Co., Hartford, Conn.; Chas. W. Scranton & Co., New Haven, Conn.; and Estabrook & Co., Boston, Mass.

Consolidated Edison Co. of New York, Inc.
May 20, H. R. Searing, Chairman, said the company will probably sell a new issue of first and refunding mortgage bonds later on this year. [On Oct. 24, 1956, $40,000,000 of these bonds, series M, due 1986, were offered and sold.] **Proceeds**—From this issue and from bank loans, to pay part of the cost of the company's 1957 construction program which is expected to total about $146,000,000. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.

Consolidated Natural Gas Co.
May 9 it was announced company plans to issue and sell $25,000,000 25-year debentures in October in addition to $25,000,000 to be sold on June 11. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Paine, Webber, Jackson and Curtis (jointly); Morgan, Stanley & Co. and the First Boston Corp. (jointly).

Consolidated Water Co. (6/17)
April 30 it was announced company plans to issue and sell 10,000 shares of $1.50 cumulative convertible preferred stock (no par). **Price**—$25 per share. **Proceeds**—To retire bank debt and for other corporate purposes. **Underwriter**—The Milwaukee Co., Milwaukee, Wis.

Consumers Power Co.
April 22 it was reported company plans to issue and sell $40,000,000 of first mortgage bonds this Fall. **Proceeds**—To repay bank loans and for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp. and Harriman Ripley & Co. Inc. (jointly).

Detroit Edison Co.
May 6 it was announced company plans to sell in 1957 about $60,000,000 of mortgage bonds. **Proceeds** — For construction program (estimated to cost about $89,000,000 this year). **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Coffin & Burr, Inc., and Spencer Trask & Co. (jointly). **Bids** — Now expected to be received in latter part of June.

Duke Power Co. (9/10)
April 22 it was reported company plans to issue and sell $50,000,000 of first refunding mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp. **Bids**—Tentatively scheduled to be received on Sept. 10.

Eastern Gas & Fuel Associates
April 3 it was announced company may need additional capital of between $25,000,000 and $35,000,000 during the next two years. **Underwriter**—For any bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co., and Kidder, Peabody & Co. (jointly).

Eastern Utilities Associates
April 15 it was announced company proposes to issue and sell $3,750,000 of 25-year collateral trust bonds. **Proceeds** — For advances to Blackstone Valley Gas & Electric Co., a subsidiary. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Blyth & Co., Inc.; White, Weld & Co.; Stone & Webster Securities Corp. and Estabrook & Co. (jointly).

Empire District Electric Co.
March 14, D. C. McKee, President, announced company plans to issue and sell some additional bonds this year. **Proceeds**—To retire bank loans ($2,200,000 at Dec. 31, 1956) and for construction program. **Underwriters**—Previous bond financing was done privately.

★ Erie RR. (6/20)
Bids are expected to be received by this company in Cleveland, Ohio, up to noon (EDT) on June 20 for the purchase from it of $2,925,000 equipment trust certificates to mature in 15 equal annual installments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Erie Resistor Corp., Erie, Pa.
April 23, G. Richard Fryling, President, announced that a new issue of 200,000 shares of preference stock (par $12.50) has been authorized and that the 62,475 shares of outstanding convertible preferred stock (par $20) are expected to be called for redemption at an early date. **Underwriter** — Fulton, Reid & Co., Inc., Cleveland, Ohio.

First National Bank of Fort Worth (6/4)
May 15 it was announced company plans to offer to its stockholders the privilege of subscribing for 100,000 additional shares of capital stock (par $10) on the basis of one new share for each 6½ shares held. Stockholders will vote June 4 on increasing stock to 750,000 shares. **Price** — $24 per share. **Proceeds** — To increase capital and surplus. **Underwriters** — Dallas Union Securities Corp. and First Southwest Corp., both of Dallas, Tex.

First National City Bank of New York (6/28)
May 17 it was reported Bank plans to offer its stockholders the right to subscribe for 2,000,000 additional shares of capital stock (par $20) on the basis of one new share for each five shares held as of June 24, 1957; rights to expire on July 22, 1957. Warrants are expected to be mailed on or about June 28. **Price**—$60 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—The First Boston Corp., New York.

General Telephone Co. of California
May 3 it was announced application has been made to the California P. U. Commission for authority to issue and sell 500,000 shares of 5% cumulative preferred stock (par $20) shortly after the sale of an issue of $20,000,000 first mortgage bonds which have been filed with the SEC (see a previous column in this article). **Proceeds**—For construction program. **Underwriters**—Paine, Webber, Jackson & Curtis, Boston, Mass.; and Mitchum, Jones & Templeton, Los Angeles, Calif.

General Tire & Rubber Co.
May 10 it was reported that this company is considering an issue of convertible subordinated debentures, probably around $15,000,000, which may first be offered for subscription by common stockholders. **Proceeds**—For working capital. **Underwriter**—Kidder, Peabody & Co., New York.

Great Northern Ry. (7/17)
Bids are expected by the company to be received on July 17 for the purchase from it of $4,965,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Gulf Interstate Gas Co.
May 3 it was announced company plans to issue some additional first mortgage bonds, the amount of which has

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not yet been determined. **Proceeds** — For construction program. **Underwriters**—Carl M. Loeb, Rhoades & Co. and Merrill Lynch, Pierce, Fenner & Beane.

Gulf States Utilities Co.
March 4 it was reported company plans to issue and sell $16,000,000 first mortgage bonds in November. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner and Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Stone & Webster Securities Corp.; Lee Higginson Corp.

Gulf States Utilities Co.
April 8 it was reported company tentatively plans to issue and sell some preferred stock this year. **Proceeds**—To finance construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly).

Hanna Steel Co., Birmingham, Ala.
April 8 it was reported company plans to issue and sell 120,000 shares of class A common stock. **Price**—$5 per share. **Underwriters**—Cruttenden, Podesta & Co., Chicago, Ill.; and Odess, Martin & Herzberg, Inc., Birmingham, Ala. **Offering**—Expected in June.

Hilo Electric Light Co., Ltd. (Hawaii)
March 9 it was announced company plans to issue and sell $2,000,000 of first mortgage bonds, series F, at an interest rate not to exceed 6%. Previous bond financing was done privately.

Houston Lighting & Power Co.
Feb. 13 it was reported company may offer late this Fall approximately $25,000,000 first mortgage bonds, but exact amount, timing, etc. has not yet been determined. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Lazard Freres & Co. and Blyth & Co., Inc. (jointly); Kidder, Peabody & Co.

Idaho Power Co.
May 16 it was reported company plans to issue and sell around 200,000 to 225,000 shares of common stock in the Fall in addition to between $10,000,000 to $15,000,000 first mortgage bonds after Nov. 1. **Underwriter**—To be determined by competitive bidding. probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co. Inc., Lazard Freres & Co. and The First Boston Corp. (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. (2) For stock—Kidder, Peabody & Co.; Blyth & Co., Inc., and Lazard Freres & Co. (jointly).

Indiana Harbor Belt RR. (6/5)
Bids will be received by this company up to noon (CDT) on June 5 for the purchase from it of $8,125,000 first mortgage bonds due June 1, 1982. **Proceeds**—To refund bonds due July 1, 1957. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kuhn, Loeb & Co.

★ **Indiana & Michigan Electric Co. (10/15)**
May 20 it was reported company plans to issue and sell $20,000,000 of first mortgage bonds due 1987. **Proceeds**—For reduction of bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc.; The First Boston Corp.; Eastman Dillon, Union Securities & Co. **Bids**—Tentatively expected to be received up to 11 a.m. (EST) on Oct. 15.

Indianapolis Power & Light Co.
Nov. 21, H. T. Prichard, President, announced that present plans contemplate an issue of $6,000,000 of preferred stock some time in 1957 if market conditions make it feasible, and an issue of $8,000,000 in bonds in 1958. Temporary bank loans are available and probably will be utilized, during at least part of 1957. Additional securities will need to be sold in 1959 and 1960, amounting to approximately $14,000,000. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—May be Lehman Brothers, Goldman, Sachs & Co. and The First Boston Corp., who underwrote last equity financing.

International Utilities Corp.
April 17 stockholders approved an increase in the authorized common stock from 2,500,000 to 4,000,000 shares (par $5). **Underwriter**—Butcher & Sherrerd, Philadelphia, Pa., handled last equity financing.

Iowa Gas & Electric Co.
April 1 it was reported company now expects to issue and sell in the second quarter of 1957 $11,000,000 of first mortgage bonds. **Proceeds**—To retire bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Glore, Forgan & Co.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Eastman Dillon, Union Securities & Co., and White, Weld & Co. (jointly); Dean Witter & Co.; Lehman Brothers; Equitable Securities Corp.; Blyth & Co., Inc.

Iowa Power & Light Co.
April 10 stockholders approved a new issue of 50,000 shares of cumulative preferred stock (par $100). **Proceeds** — To finance expansion. **Underwriter** — Smith, Barney & Co., New York.

Iowa Southern Utilities Co.
April 2 it was announced company plans to issue and sell $5,000,000 of first mortgage bonds later this year. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; White, Weld & Co.; Lehman Brothers, and Bear, Stearns & Co. (jointly) Equitable Securities Corp. and Salomon Bros. & Hutzler (jointly); The First Boston Corp.; Dean Witter & Co.

Jefferson Lake Sulphur Co.
Dec. 27, Eugene H. Walte, Jr., announced company plans in the near future to sell an issue of convertible debentures. **Proceeds**—For expansion program.

Jersey Central Power & Light Co. (7/16)
Sept. 12, it was announced company plans to issue and sell $8,000,000 of first mortgage bonds due 1987 (later changed to $15,000,000). **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; The First Boston Corp.; White, Weld & Co.; Eastman Dillon, Union Securities & Co., Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on July 16.

Kaiser Industries Corp.
Nov. 28, E. E. Trefethen, Jr., Executive Vice-President, stated that it is anticipated that a portion of the funds necessary to meet the $25,000,000 installment due April 1, 1957 on its 4¾% term loan may have to be provided by the creation of debt by, or the sale of equity securities, of this corporation or Henry J. Kaiser Co., or through the public or private sale of a portion of the securities of the companies owned by the Henry J. Kaiser Co., or of certain other assets. **Underwriter**—The First Boston Corp., New York.

Long Island Lighting Co.
April 16 it was announced company plans to sell later this year $40,000,000 of rist mortgage bonds, series J. **Proceeds**—To refund $12,000,000 of series C bonds due Jan. 1, 1958 and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co. Inc. (jointly); W. C. Langley & Co. and Smith, Barney & Co. (jointly).

Louisville Gas & Electric Co. (9/4)
May 14 it was reported company plans to issue and sell $15,000,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and American Securities Corp. (jointly); Kidder, Peabody & Co. and Goldman, Sachs & Co. (jointly); Harriman Ripley & Co. Inc.; Lehman Brothers and Blyth & Co., Inc. (jointly); The First Boston Corp.; Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly). **Bids**—Tentatively scheduled to be received on Sept. 4.

Louisville & Nashville RR.
Bids are expected to be received by the company some time in the Fall for the purchase from it of $14,400,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

★ **Microwave Associates, Inc., Burlington, Mass.**
May 29 it was announced company plans to file a registration statement with the SEC covering a proposed issue of 50,000 shares of common stock. **Proceeds**—To reduce bank loans and for working capital and general corporate purposes. **Underwriter** — Lehman Brothers, New York.

Middle South Utilities, Inc.
May 8 it was announced company may consider an offering of new common stock within the next year or so. **Proceeds**—About $19,000,000, for investment in common stocks of the System operating companies during the three-year period 1957, 1958 and 1959. **Underwriter**—Previous stock offering was to stockholders, without underwriting, with oversubscription privileges.

Montana-Dakota Utilities Co. (6/17-21)
May 20 it was reported company plans to issue and sell $10,000,000 of convertible debentures due 1977. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Blair & Co., Incorporated. **Bids**—Scheduled for week of June 17.

★ **Montana Power Co.**
May 20 it was reported company may issue and sell in the fall about $20,000,000 of debt securities. **Proceeds**—For construction program and to reduce bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; White, Weld & Co.; Kidder, Peabody & Co.; Smith, Barney & Co., and Blyth & Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Stone & Webster Securities Corp. (jointly).

★ **Montreal (City of)**
May 23 it was announced this City plans to market a $25,000,000 loan in New York. This followed rejection of a bid by a Montreal banking syndicate to take a $10,000,000 bond issue at a net interest cost of 6.11%. **Proceeds**—$18,000,000 for public works and $7,000,000 for local improvement projects. **Underwriters**—Probably Shields & Co.; Halsey, Stuart & Co. Inc., and Savard & Hart.

Mountain States Telephone & Telegraph Co. (7/1)
May 21 the directors approved an offering to stockholders of record June 20, 1957 of 584,176 additional shares of capital stock on the basis of one new share for each five shares held; rights to expire on July 31. Subscription warrants are expected to be mailed about July 1. **Price**—At par ($100 per share). **Proceeds** — To repay short-term loans. **Underwriter**—None. A majority of the outstanding stock is owned by American Telephone & Telegraph Co.

● **New England Electric System**
May 23 it was announced SEC has approved the merger of the five following subsidiaries: Essex County Electric Co.; Lowell Electric Light Corp.; Lawrence Electric Co.; Haverhill Electric Co. and Amesbury Electric Light Co., into one company. This would be followed by a $20,000,000 first mortgage bond issue by the resultant company, to be known as Marrimack-Essex Electric Co. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Company; Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co., and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Offering**—Expected in first half of 1957.

New Jersey Bell Telephone Co. (9/11)
May 1 it was announced company plans to issue and sell $30,000,000 of debentures. **Proceeds**—Together with proceeds from sale of 900,000 shares of common stock (par $100) to parent, American Telephone & Telegraph Co., will be used to pay for expansion program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Morgan Stanley & Co.; Shields & Co.; White, Weld & Co.; The First Boston Corp. **Bids**—Tentatively expected to be received on Sept. 11.

New York Central RR. (6/11)
Bids will be received by the company in New York, N. Y., up to noon (EDT) on June 11 for the purchase from it of $6,450,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Niagara Mohawk Power Corp.
April 22 it was reported company tentatively plans to issue and sell this fall about $40,000,000 of bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; Kuhn, Loeb & Co. and Eastman Dillon, Union Securities & Co. (jointly).

Norfolk & Western Ry. (6/13)
Bids are expected to be received by the company on June 13 for the purchase from it of $6,450,000 equipment trust certificates due semi-annually to and including June 1, 1972. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Northern Illinois Gas Co.
May 9 it was announced stockholders will vote June 11 on approving a new issue of 300,000 shares of preferred stock (par $100). There are no present plans to sell any of these shares.

● **Northern States Power Co. (Minn.) (8/20)**
March 4 it was reported company plans to issue and sell approximately $15,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.: Merrill Lynch, Pierce, Fenner and Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Lehman Brothers and Riter & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Equitable Securities Corp.; Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc. **Bids**—Expected to be received up to 11 a.m. (EDT) on Aug. 20.

● **Ohio Power Co. (11/19)**
May 15 it was reported that this company now plans to issue and sell $28,000,000 of first mortgage bonds and 70,000 shares of $100 par value preferred stock. **Proceeds**—To repay bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc.; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly). (2) For preferred stock—Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co. Inc. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; Blyth & Co., Inc.; Kuhn, Loeb & Co.; Lehman Brothers. **Bids**—Expected to be received up to 11 a.m. (EST) on Nov. 19.

★ **Pacific Gas & Electric Co. (7/23)**
May 23 it was announced company intends to offer and sell $60,000,000 of first and refunding mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp. **Bids**—Expected to be received on July 23.

★ **Pacific Power & Light Co.**
May 28 it was announced company plans to offer to its common stockholders sometime in July 376,600 additional shares of common stock at the rate of one new share for each 10 shares held. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Eastman Dillon, Union Securities & Co.; Bear, Stearns & Co. and Dean Witter & Co. (jointly); Kidder, Peabody & Co.; Ladenburg, Thalmann & Co.

● **Pacific Telephone & Telegraph Co.**
May 24 it was announced company plans to offer to its stockholders the right to subscribe for 1,822,523 additional shares of common stock on the basis of one new share for each six shares of common stock and/or preferred stock held. **Price**—At par ($100 per share). **Proceeds**—To repay advances from parent. **Underwriter**—None. American Telephone & Telegraph Co. owns 89.6% of the voting stock of Pacific T. & T. Co. **Offering**—Expected some time in August.

● Pacific Telephone & Telegraph Co. (8/12-16)
May 24 it was announced company plans to issue and sell $90,000,000 of new 23-year debentures due 1980. **Proceeds**—To repay advances from parent and for improvements and additions to property. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Tentatively expected to be received about the middle of August. **Registration**—Expected in the latter part of July.

Principal Retail Plazas of Canada, Ltd. (Canada)
Feb. 28 it was reported that early registration is expected of an issue of $15,000,000 of subordinated debentures due 1982 and 1,500,000 shares common stock to be sold in units of $50 of debentures and five shares of stock. **Proceeds**—For expansion and working capital. **Business** — Operates shopping centers. **Underwriter** — Eastman Dillon, Union Securities & Co., New York, for about two-thirds of issue. Balance to be underwritten in Canada.

Public Service Co. of Indiana, Inc.
Feb. 11 it was announced that it is expected that a new series of first mortgage bonds (about $25,000,000 to $30,000,000) will be issued and sold by the company during the year 1957. **Proceeds**—To repay bank loans (amounting to $25,000,000 at Dec. 31, 1956) and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Glore, Forgan & Co.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly).

Public Service Electric & Gas Co. (6/18)
April 15 it was announced company plans to issue and sell 250,000 shares of cumulative preferred stock. **Proceeds** — About $25,000,000 for expansion program. **Underwriters**—May be Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co. (jointly) or Merrill Lynch, Pierce, Fenner & Beane.

Purex Corp., Ltd. (Calif.)
April 30 it was announced that proceeds of at least $1,-200,000 are to be received by the company prior to July 1, 1957 from the sale of new capital stock and used for working capital. **Underwriter**—May be Blyth & Co., Inc., San Francisco and New York.

● Rochester Gas & Electric Corp. (7/2)
May 15 it was announced company plans to issue and sell later this year $15,000,000 of first mortgage bonds and some additional common stock in 1958. **Underwriter** —For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Shields & Co.; The First Boston Corp.; Kidder, Peabody & Co.; White, Weld & Co. (jointly); Salomon Bros. & Hutzler; Blyth & Co., Inc.;; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly). For common stock, The First Boston Corp., New York. **Bids**—Expected to be received for bonds on July 2.

Southern California Edison Co.
March 20, Harold Quinton, President, announced that for the balance of this year the company's present intention is to issue additional bonds and probably a preferred stock. He added that the company will require more than $180,000,000 of new money in 1957 and 1958, in addition to the $37,500,000 bond issue of February, 1957. A total of $70,000,000 may be raised in 1957, including about $30,000,000 from the sale of 1,200,000 shares of $25 par preferred stock early in June (see preceding column). **Underwriters**—(1) For any bonds, to be determined by competitive bidding. Probable bidders may include: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp. and Dean Witter & Co. (jointly); Kuhn, Loeb & Co. (2) For preferred stock: The First Boston Corp. and Dean Witter & Co. (jointly).

Southern California Gas Co. (6/27)
Jan. 21 it was announced company plans to issue and sell $35,000,000 of first mortgage bonds due 1983. **Proceeds**—To repay loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane (jointly); White, Weld & Co. and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Tentatively expected to be received on June 27.

Southern Pacific Co. (7/25)
Bids are expected to be received by the company on July 25 for the purchase from it of approximately $9,000,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Southern Union Gas Co.
May 16 it was reported company plans to issue and sell about $10,000,000 of debentures this summer. **Proceeds**—For construction program. **Underwriter**—May be Blair & Co. Incorporated, New York.

★ Southwestern Bell Telephone Co. (10/1)
May 24 directors approved the issuance of $100,000,000 new debentures. **Proceeds** — For expansion program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids** — Tentatively expected to be received on Oct. 1.

Tampa Electric Co. (7/17)
May 8 it was announced company plans to issue and sell $18,000,000 of first mortgage bonds. **Proceeds** — To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Goldman, Sachs & Co.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Expected to be received up to 11 a.m. (EDT) on July 17.

● Tampa Electric Co. (6/27)
May 8 it was announced company plans to issue and sell 217,286 additional shares of common stock, first to stockholders of record about June 26 on a 1-for-10 basis; rights to expire on July 16. **Price**—To be set by the directors on June 26. **Underwriter**—The offering may be underwritten. Goldman, Sachs & Co. acted as dealer-manager on last standby.

★ Texas Electric Service Co. (7/9)
May 27 it was reported company plans to issue and sell $10,000,000 of preferred stock. **Proceeds**—For new construction. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

● Texas Electric Service Co. (7/17)
May 27 it was announced company expects to sell $10,-000,000 of first mortgage bonds due 1987. **Proceeds**—For plant expansion. **Underwriter**—For any bonds to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Hemphill, Noyes & Co. and Drexel & Co. (jointly); The First Boston Corp.; Eastman Dillon, Union Securities & Co.; Kuhn, Loeb & Co., Blyth & Co., Inc. and Lehman Brothers (jointly); Harriman Ripley & Co. Inc. and Stone & Webster Securities Corp. (jointly). **Bids**—Expected July 17. **Registration**—Planned for June 14.

Tracerlab, Inc.
May 17 Samuel S. Auchincloss, President, announced negotiations were under way with an underwriting firm looking to a public offering of capital stock. **Proceeds**—For working capital. **Business**—Electronics. **Underwriter** —May be Lee Higginson Corp., New York and Boston, who handled previous stock financing.

Transocean Corp. of California
May 21 it was announced company plans a public offering of securities to provide about $6,700,000 of new working capital.

Utah Grand, Inc., Reno, Nev.
April 29 it was announced company plans to issue and sell 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds** — To explore and develop company's 64 uranium claims in two groups,—approximately 1,280 acres in Hells Roaring Canyon and Yellow Cat Mining Districts in Grand County, Utah. **Underwriter**—Stauffer Petroleum Corp., Box 8834, Britton Station, Oklahoma City, Okla., of which S. M. Stauffer is President.

Utah Power & Light Co. (10/1)
March 12 it was announced company plans to issue and sell about $15,000,000 of first mortgage bonds due 1987. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly); White, Weld & Co. and Stone & Webster Securities Corp. (jointly); Kidder, Peabody & Co. **Bids** — Tentatively scheduled to be received on Oct. 1.

Utah Power & Light Co. (10/1)
March 12 it was also announced company plans to offer to the public 400,000 shares of common stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lehman Brothers; Blyth & Co., Inc. **Bids**—Tentatively scheduled to be received on Oct. 1.

Valley Gas Co.
April 15 it was announced company, a subsidiary of Blackstone Valley Gas & Electric Co., plans to issue, within one year, $4,000,000 of bonds, $1,100,000 of notes and $900,000 of preferred stock to its parent in exchange for $6,000,000 of notes to be issued in exchange for certain assets of Blackstone. The latter, in turn, proposes to dispose by negotiated sale the first three new securities mentioned in this paragraph.
April 15 it was also announced Blackstone plans to offer to its common stockholders (other than Eastern Utilities Associates its parent) and to common stockholders of the latter the $2,500,000 of common stock of Valley Gas Co., it is to receive as part payment of certain Blackstone properties. **Dealer-Manager**—May be Kidder, Peabody & Co., New York.

Virginia Electric & Power Co.
March 8 it was announced company, in addition to proposal to raise late this Spring $22,000,000 through the sale of additional common stock, plans also to sell in the Fall $20,000,000 of debt securities. Probable bidders for bonds may include: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and American Securities Corp. (jointly); Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp.; White, Weld & Co.

★ Washington Water Power Co. (7/10)
May 28 it was announced company plans to issue and sell $30,000,000 of first mortgage bonds due 1987. **Proceeds**—To repay bank loans. **Underwriters**—Kidder, Peabody & Co.; Blyth & Co., Inc.; White, Weld & Co. and Laurence M. Marks & Co., all of New York. **Registration**—Expected to be filed on June 4.

Washington Water Power Co.
April 1, K. M. Robinson, President, stated that the company will probably market an issue of first mortgage bonds by June 30 (sale of up to $30,000,000 bonds is planned). **Proceeds**—To carry out 1957 expansion program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; and Lehman Brothers (jointly);.Blyth & Co., Inc.; Smith, Barney & Co., and White, Weld & Co. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly).

West Penn Power Co. (7/10)
Dec. 27 it was announced company plans to issue some additional senior securities, probably about $20,000,000 of first mortgage bonds due 1987. **Proceeds** — To repay bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Lehman Brothers; The First Boston Corp.; W. C. Langley & Co.; Harriman Ripley & Co. Inc. **Bids**—Tentatively scheduled to be received up to 11 a.m. (EDT) on July 10.

Wisconsin Public Service Co.
April 24 it was announced stockholders will vote May 28 on increasing the authorized preferred to 300,000 shares from 200,000 shares and the authorized common stock from 3,000,000 shares to 4,000,000 shares. **Underwriter**—(1) For preferred stock, to be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane, Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Kidder, Peabody & Co.; The First Boston Corp. (2) For any common stock (probably first to stockholders), The First Boston Corp., Merrill Lynch, Pierce, Fenner & Beane, Robert W. Baird & Co. and William Blair & Co.(jointly).

Wisconsin Telephone Co. (7/9)
April 3 it was announced company plans to issue and sell $30,000,000 of 35-year debentures due 1992. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected to be received at 195 Broadway, New York, N. Y., on July 9.

Our Reporter's Report

Investment bankers still are having difficulty in seeking to determine what the potential buyers of new corporate securities are seeking in the way of coupon rate and yield.

Certainly the lull in the outpouring of new issues this week, due largely to the holiday, provided a not entirely unwelcome respite for those engaged in distributing such issues.

The going has been a bit rough and a quick cleaning up of any particular offering has been the exception rather than the rule. Buyers just have not been of a mind to rush in. And the behavior of the seasoned, or secondary market has not been of a nature to bring about any change in this attitude.

On the contrary, with Treasury issues continuing on the soft side and the latest offering of short bills producing another hike in the rate for such paper, the corporate bond market has been leaning to the heavy side. Not from any marked pressure of selling, but rather as a consequence of decided lack of buying interest.

And in the ensuing week the prospective list of new bond issues stacks up to a sizable figure. A saving feature, however, is the fact that the several debt issues are of so-called "Street" size, that is not requiring the rounding up of large syndicates.

Glint of Sunshine

The week brought the first "out-the-window" deal witnessed in many weeks as bankers were able to put the "all sold" sign quickly on an offering of $15 million of National Fuel Gas Co. debentures.

Put up for bids on Tuesday, this issue was awarded to bankers at a price of 100.16 for a 5½% coupon. The successful group repriced the issue at 101.363 for a yield of 5.40%.

Indicative of how bankers are scattering their shots in an effort to locate the investor buying range, is the runner-up bid of 100.30 for a 5⅝% coupon.

The Other Side

On the other side of the picture the week brought the first dissolution of a syndicate agreement on a recently offered new issue and this one rated Triple A.

Bankers brought out $25 million of Cincinnati Gas bonds. Carrying a 4⅛% interest rate, they were priced for public offering at 99¼. The sponsoring group struggled along in the hope that the market would turn about.

But on Tuesday the bonds were turned loose to find their own level and they dipped almost 3 points under the offering price before buyers came in attracted by the 4.30% yield.

The Week Ahead

Boston Edison Co.'s $25 million of bonds, due up for bids on Tuesday, along with General Telephone of Calif.'s $20 million bonds on Wednesday, and Columbia Gas System's $20 million of debentures on Thursday, head up next week's list of debt offerings.

Scheduled also are several large equity offerings headed by Philadelphia Electric Co.'s 609,815 shares being offered to holders at the rate of one for 20 shares, and Southern California Edison's 1.2 million shares of $25 par preferred stock.

Virginia Electric & Power has a million common shares going to market. And a small freight railroad, Indiana Harbor Belt, will be taking bids on $8,125,000 of new bonds to provide for refunding of an issue maturing July 1 next.

Income Fund's Assets Grow to $67 Million

Incorporated Income Fund, in its 10th quarterly report, shows net assets at a new high of $67,-907,041, compared to $40,204,648 one year and $10,249,040 two and a half years earlier. Shares outstanding increased in the past year from 4,116,000 to 7,851,000 and the number of stockholders from 13,000 to 22,800.

Assets of Incorporated Income Fund, which is designed primarily for income, are invested in over 80 securities representing 20 industries.

Purchases for the portfolio during the past three months included A.C.F., Allied Stores, American Investment Co., of Ill., Arkansas Louisiana Gas, Atchison, Borg-Warner, Bridgeport Brass, Columbia Gas, Commercial Credit, Continental Baking, Equitable Gas, Federal-Mogul - Bower Bearings, Heller (Walter E.), Marshall Field; N.Y.C. & S.L. RR., Southern Pacific, Southern Railway, Texas Gulf Sulphur, United Fruit.

Sales included Allis-Chalmers, Briggs, Grumman and Miami Copper.

Mutual Funds

By ROBERT R. RICH

Gross Product to Cross Trillion Dollars

"American investors will join with American industry to promote tremendous economic expansion in the next quarter century," predicted S. L. Snolley, President of Keystone Custodian Funds, Inc., which celebrated its 25th anniversary May 28.

Keystone sold its first share on May 28, 1932, and in the intervening years has helped pioneer many new developments in the investment company field. The total net asset value at the end of the first year was $358,000; currently the total net asset value of Keystone's 10 domestic funds and Keystone Fund of Canada, Ltd., is $344,088,000. The funds now have 71,750 shareholders. In the 25-year period, Keystone has never missed a regular net investment income distribution, having paid its shareholders $141,222,166. In addition, capital gains distributions have amounted to another $89,899,992.

After pointing out these figures, Mr. Sholley continued, "While we are proud of our record and the fact that Keystone was a pioneer in providing a specialized 'class of securities' investment service and similar innovations for the public, we are confident that professional management as offered by investment companies will be even more important as the American economy continues to expand in the next quarter century.

"Looking ahead 25 years is not nearly so perilous as predicting the state of the economy for the next 25 weeks. Over the long range—and basing projections on an increasing population and rising standard of living, plus scientific progress in the fields of automation and power—Keystone feels confident in predicting a tremendous economic expansion in which more and more people will share.

"If we follow our traditional pattern of free enterprise and private ownership of American business, the value of securities representing ownership of industry will be three times what it is today."

The projections are based on the assumption that Gross National Product will grow at an annual rate of 4%, that population will continue to grow at an annual rate of 1½%, and that relationships among other segments of the economy will remain the same as in 1957.

In 1982, Keystone foresees a U. S. population of 257 million, of which 95 million will be gainfully employed. Gross National Product will rise to $1,170 billion from the present $430 billion annual rate. Significant to investors is the fact that in 1957, the average investment per new manufacturing job is $17,000—but it will just about double by 1982.

"In the new economy, the machine is multiplying the man," pointed out Mr. Sholley. "With every new industrial job requiring an investment of approximately $35,000 in 1982, American industry will be constantly seeking new capital. For the investor to get a fair return for his working dollars, productivity must increase at a rate that will satisfy the needs of an expanding population for an improving standard of living.

"Population growth means that the nation's industries must provide food, clothing, shelter, transportation, and the thousands of other items that constitute the American standard of living. The combination of working men and working dollars should provide the answer, with corresponding rewards for both the worker and the investor."

Coincident with its anniversary celebration, Keystone is releasing a revised edition of its organizational manual outlining Keystone's modern method of investing.

"The principle is exactly the same as that on which Keystone was founded," said Mr. Sholley. "While investment companies have now come of age and have taken their place besides savings banks and insurance companies as American financial institutions, the mutual fund industry was in its formative years in 1932.

"Mutual funds were designed to offer investors low-cost diversification and professional management for their investment capital. Until the advent of Keystone, however, a mutual fund provided equal results for all its shareholders regardless of differences in their financial circumstances and investment objectives.

"To adapt the general program to the specific needs of the individual investor, Keystone set up a series of specialized funds capable singly or in combination of solving a wide variety of investment problems.

"In creating a corporate trustee and 10 individual trust funds, Keystone made it possible for any investor to select the type and class of securities best suited to his purpose and, by combining these classes in any desired proportions, to create an investment program which could be as conservative or as aggressive as he might individually desire."

Keystone has four bond funds, four common stock funds, and two special purpose and fully managed funds for income and growth. In addition to the 10 domestic funds, Keystone instituted the Keystone Fund of Canada, Ltd., in October 1954.

Keystone now employs 163 in its Boston home office, which includes one of the largest investment research and supervisory departments in the country under the direction of Vice-President Ora C. Roehl. The operations division is headed by Vice-President Wilfred Godfrey. Keystone Funds are sold by more than 1,300 franchised dealers.

Over - the - Counter Securities Fund, Inc., the only mutual fund devoted exclusively to investments in over-the-counter securities, reports that its net asset value per share rose to $10.24 as of March 31, 1957, compared to $10.13 at the end of the preceding quarter.

During the quarter the fund increased its holdings of common stocks from 73% to 80% of net assets. New commitments were made in the common stocks of National Aeronautical Corp., and Steel Improvement & Forge Co. No sales of securities were made during the period.

On May 6, 1957 net asset value of Over-the-Counter Securities Fund shares reached a record high of $10.53.

Funds Ready to Sponsor Tax Exempt Shares

Three investment company groups are now ready to offer to investors shares in a new type of mutual fund—a tax-exempt bond mutual fund—as soon as Congress passes the necessary legislation, amending the Internal Revenue Code of 1954.

In a Lehman Brothers underwriting, Keystone Custodian Funds will convert their "B-1" Bond Fund wholly to tax-exempts and offer these shares to investors. Vance, Sanders & Co. plans to offer, through its own dealer network, shares in Bond Fund of Boston, which will be converted to a tax-exempt status.

And, Equitable Securities Corp. will underwrite a group offering shares in a proposed sister fund of Atomic Development Mutual Fund, Inc.—Tax Exempt Bond Fund, Inc.

As matters stand now, a mutual fund cannot pass through to its stockholders the tax-exempt interest on bonds of state and local governments.

Of all the bills introduced in the Congress this year, H. R. 1222 is the most promising. It would allow mutual funds investing practically all of their assets in tax-exempt bonds and deriving nearly all of their income from these bonds, to declare dividends which would be exempt from their investors' Federal income taxes.

The concept contained in the bill has been endorsed by President Eisenhower, and there is no known opposition to it.

On the contrary, it has the support of state and local government officials who recognize the great need for an expanding market for tax-exempt bond issues, which are running at an annual rate of over six billion dollars.

Chances for the bill's passage in Congress in this session are considered good. Some observers believe the bill will be passed within a month.

Besides the three mutual fund groups ready now to offer shares, there are six and possibly seven other groups which have the idea under various stages of consideration. Typical attitude, however, among these groups is that they will wait until the bill is passed, in order to see precisely how the law reads.

Meanwhile, the underwriting and brokerage house of Ira Haupt & Co., by obtaining a special ruling from the Treasury Department, has in registration with the Securities and Exchange Commission the shares of Municipal Investment Trust Fund, Series A.

This $5,000,000 to $10,000,000 company will be the old-fashioned unit fixed investment trust. Its portfolio cannot be changed, except to sell bonds when necessary, with the cash obtained to be distributed to shareholders.

The trustee fee for this trust, whose income payments will be of the tax-exempt variety, will be two-tenths of one per cent. Sales charge will be 4% of offering price. Price a share will be about $1,000.

The mutual funds will have a sales charge of about 4%, and a gross expense fee, including management fee, in some cases not to exceed ¼ of 1%. Price a share will range from $10 to $40.

Boston Fund Has Assets of $147 Million

Boston Fund, one of the largest mutual funds in the country, reports total net assets of $147,033,-758 at the close of the first quarter of its present fiscal year on April 30, amounting to $15.90 per share. This compares with total net assets of $135,440,283, equal to $15.25 per share, at the close of its previous fiscal year last Jan. 31. During the quarter, the number of shares outstanding increased from 8,879,447 to 9,245,-818.

On April 30 of last year, total net assets were $148,885,679 for 8,854,919 shares then outstanding. The asset value per share of $16.81 compares with a corresponding figure of $16.71 on April 30, 1957, when adjustment is made for the capital gains distribution of 81 cents a share paid last Feb. 28.

In the current quarterly report, Henry T. Vance, President, commenting on the income dividend paid on May 27, observes that: "Although this dividend is at the same rate per share as that declared for the corresponding period of last year, it represents an increase in income of over 5% to the more than 70% of the shareholders who kept their capital intact by receiving the recent distribution of capital gains in additional shares instead of cash."

Mr. Vance also noted that Henry R. Guild, formerly a member of the Fund's advisory board, has been elected a director; and that Robert S. Swain, a director and member of the executive committee, has joined the full-time management organization.

The report shows that of the Fund's investments on April 30, bonds and notes represented 17.1%, preferred stocks 16.0% and common stocks 66.9%. Three months earlier common stocks amounted to 63.8% while at the end of April, 1956, the proportion was 69.3%.

National Securities Series Reports Highs in Assets, Holders

Total assets, shareowners and shares outstanding for the National Securities Series of mutual funds set record highs for the fiscal year ended April 30, 1957, according to the 17th Annual Report just released by National Securities and Research Corporation which sponsors and manages the funds.

Combined net assets of the seven funds totaled $303,488,299 at the end of April compared with last year's figure of $283,786,512. During this same period, shareowners increased from 107,182 to 129,727 and shares outstanding climbed from 39,633,792 to 48,466,-334.

In his message to shareowners on prospects for the year ahead, Henry J. Simonson, Jr., President of National Securities and Research Corporation, concluded: "Earnings and dividends of all U. S. Corporations will surpass those of 1956 by a moderate degree although there will be wide variations among industries and companies."

New highs in the coming months are foreseen by Mr. Simonson in average employment, wage rates and salary disbursements with a consequent upward trend in disposable income and personal spending among individuals and families.

"While some slowdown in the rate of business investment in new plants and equipment will likely develop," the President's message anticipates that "two major influences in addition to consumer outlays should expand the aggregate of national spending. First, construction expenditures on combined public and private account, exclusive of home building, will in our opinion, outweigh the decline in the residential field. Second, a steady uptrend is planned for government spending by Federal, state and local units."

During the past fiscal year, four quarterly distributions of net investment income were paid to shareowners of each of the National Securities Series of mutual funds. Distribution of securities profits were also paid by each of the funds. Net investment income distributions of the seven funds totaled $14,697,465, compared to last year's figure of $12,786,914 while securities profits reached $15,037,856 compared to $10,659,-229 in the previous year.

A total of 75% of the shareowners—a record figure—accepted securities profits distributions in additional shares rather than cash for the 1957 fiscal year end distributions. New highs were also set in the total number of shareowners who have established open accounts providing for future periodic investments or who have directed the re-investment of quarterly distributions in shares. As of April 30, 1957, 37,343 shareowners had created such accounts.

The cover illustration for the Annual Report reproduces a painting of the floor of the New York Stock Exchange executed by John Moodie. The original painting is owned by National Securities and Research Corporation and the report marks its first publication. The cover illustration sets the pace for the Annual Report's Theme, which features the facilities available for valuing shares of the National Securities Series through the use of prices established on national stock exchanges or by dealers or brokers in securities throughout the country.

Included in the Report are photographs and statements by the Presidents of the New York Stock Exchange, the American Stock Exchange and stock exchanges located in Boston, Cincinnati, Detroit, Honolulu, Los Angeles, Chicago, New Orleans, Philadelphia - Baltimore, Pittsburgh and San Francisco. Coupled with statements from the President of the National Security Traders Association and the President of the National Quotation Bureau, there is a broad panorama of the role played by these institutions. This is the first time any mutual fund annual report has contained photographs and statements by Stock Exchange Presidents located not only in New York, but throughout the United States and Hawaii.

Graham-Paige Reports

Stockholders' equity in Graham-Paige Corp. rose to a new all-time high of $10,457,233, or $1.72 a share, in the quarter ended March 31, it is announced by Rear Admiral John J. Bergen, USNR, Chairman of the closed-end investment company, and Irving Mitchell Felt, President. This compares with $9,094,677, or $1.49 a share a year earlier, and $10,235,-659, or $1.69 on Dec. 31, 1956.

During the quarter, the company's holdings of Thermoid Co. common stock were increased to 171,372 shares from 163,572 three months earlier. During April additional shares were purchased bringing the total held to 200,000 shares, or 24% of the number outstanding.

Graham-Paige sold on March 28 all the outstanding stock of United Supply & Manufacturing Co. to Botany Mills, Inc., receiving 225,-000 shares of Botany common stock, and a 4% note in the amount of $950,000. Of the stock, 25,000 shares are subject to options to the operating management of United Supply.

Net income of the corporation and its wholly-owned subsidiary, The Whitney-Appollo Corp., for the first quarter was $675,060, including net realized gain on investments. This compares with net income in the three months ended March 31, 1956, of $149,290, including net realized gain on investments.

American Fund Assets Now at New Peak

Net investment income of American Mutual Fund, Inc., for the first half of the current fiscal year was the highest for any six month period in the company's history President Jonathan B. Lovelace announced. Total net assets of the Fund were also at an all-time high at the close of the period on April 30, 1957.

Net income, excluding realized gains on sales of securities, in the six months ended April 30, 1957 was $971,304, equal to 12.9 cents a share on the 7,505,969 average number of shares outstanding during the period. Net income for the corresponding period a year ago was $598,709, or 12.8 cents a share on the 4,674,821 average number of shares then outstanding.

Total net assets of the Fund at the end of the first half of the current fiscal year were $67,276,-456, equivalent to $8.45 for each of the 7,960,457 shares of capital stock outstanding. This compares with net assets at Jan. 31, last, of $60,097,647, equal to $8.13 a share on the 7,393,016 shares outstanding at that date, and with assets of $58,652,651, or $8.55 for each of the 6,857,155 shares outstanding at Oct. 31, 1956.

A capital gain distribution of 43 cents per share and two dividends from investment income aggregating 13 cents per share were paid during the period ended April 30, 1957.

Several portfolio changes were made during the quarter ended April 30, last, Mr. Lovelace reported. Holdings that were added include common stocks of Caterpillar Tractor Co., Cerro de Pasco Corporation, General Electric Company, International Harvester Company, Jones & Laughlin Steel Corporation, Stauffer Chemical Company, The Travelers Insurance Company, Vanadium Corporation of America, and Westinghouse Electric Corporation. Rohr Aircraft Corporation convertible debentures were also added. Among the holdings which were reduced or eliminated were American Radiator & Standard Sanitary Corporation, International Paper Company, Collins Radio Company, Continental Can Company, Inc., Halliburton Oil Well Cementing Company, and Thompson Products, Inc.

With R. F. Campeau

ST. PETERSBURG, Fla.—Donald R. Raymer and Albert S. Wickham are with R. F. Campeau & Company, 110 Second Avenue, North.

Keystone Fund B-4 Now Yields 5.4%

A regular semi-annual distribution of 27 cents per share has been declared by Keystone Discount Bond Fund, B-4, bringing the annual rate for the last 12 months to 5.4%, based on the net asset value for the period ending March 31.

In his report to shareholders, President S. L. Sholley said that investors placed more than $5 million of net new capital in the fund during calendar year 1956, bringing total net assets of B-4 to more than $65 million. B-4 accounted for approximately 20% of the combined assets in Keystone's 10 domestic funds.

At the end of the half-year period, Keystone Discount Bond Fund's portfolio had 75 issues—29 railroads, eight utilities, 24 industrials and 14 foreigns. The fund was invested 49% in rails, 21% in industrials, 19% in foreigns, and 11% in utilities.

Largest holdings include Erie R. R.; Chicago, Milwaukee, St. Paul and Pacific R. R.; Cleveland, Cincinnati, Chicago and St. Louis Ry.; America and Foreign Power; Pittston Co.; and Republic of Chile and Republic of Peru.

	March 31, 1956	Sept. 30, 1956
Total net assets	$65,010,613	$65,780,708
Shares outstanding	6,422,891	6,381,731
No. shareholders	26,638	26,639
Asset val. per sh.	$10.12	$10.31
Inc. per sh. (6 mos.)	$0.27	$0.28

Joins Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

WINSTON-SALEM, N. C.—William E. Holan has become connected with Harris, Upham & Co., Pepper Building.

With Lloyd Canady

(Special to THE FINANCIAL CHRONICLE)

RALEIGH, N. C.—David C. Harshaw is now with Lloyd E. Canady & Co., Commercial Bldg.

Railroad Securities

By GERALD D. McKEEVER

Delaware, Lackawanna & Western Railroad

Stockholders of the Lackawanna have received two bad jolts in the recent past. First was the growing impression that there would be no distribution this year of any part of the balance of the road's holding of Nickel Plate stock as had earlier been hoped for in view of last year's action in distributing six shares of Nickel Plate for each 100 shares of DL in addition to the cash payment. The second blow was the more recent declaration of only 12½ cents per share for the second quarter of this year. When the Lackawanna bravely announced that, beginning this year, dividends would be placed on a quarterly basis and then declared the initial quarterly dividend at 37½ cents per share it was generally assumed that the annual rate was established at $1.50 per share. Now it looks as though 1957 payments may not be more than half this amount.

Several things have led up to this set-back. First is the current affliction of all but a very few roads, and particularly of those in the East, in that revenues have failed to keep pace with mounting expenses despite the freight rate increase of last Dec. 29. The more recent passenger fare increases have not been in effect long enough to be a factor. The freight rate increase has been virtually nullified as far as earnings are concerned by the decline in traffic that began to be evidenced immediately as the year began and which, in most cases including that of the Lackawanna, has grown progressively worse as the year advances. Carloadings of the Lackawanna were down 6.3% for the first 19 weeks of the current year as compared with the corresponding 1956 period.

While this by itself would not appear so frightening in view of the fact that the decline for the Class I total for the period was 5.9%, what is disturbing is that the Lackawanna showed an above average drop in recent weeks. Since the Lackawanna, along with other roads serving the New York Harbor was adversely affected by the protracted tug and dock strikes, the decline in loadings in the earlier weeks was regarded with a certain amount of calm. That there has been no rebound after the settlement of these strikes has been the cause of real concern.

A factor that has made the traffic slump particularly serious for the Lackawanna is that it is a high cost road and requires a high level of operation in order to be in a comfortable position. The 1956 wage ratio of the Lackawanna of 56.7% of gross revenues, for instance, was the third highest among larger Class I roads. In spite of a low level of maintenance for well over a year, and which can not be countenanced indefinitely, the road's total Operating Ratio has continued to rise. For the first three months of this year it was 84.3% of gross revenues as against 82.4% for the first quarter of 1956.

The rise in this total Operating Ratio has been due mostly to the similar increase in the Transportation Ratio, a factor which can not be tampered with to meet exigencies. Like its Wage Ratio, the Transportation Ratio of the Lackawanna is among the highest and was 51.3% for the first quarter of this year as against 49.6% for the first 1956 quarter.

As to the Maintenance Ratio which was made to bend with the wind, it was stated in the road's 1956 report that the general level of maintenance is good and that there has been no budget limitation to create deferred maintenance. Thus, as long as the road can live on the "fat" of previous years there may be no imminent threat to increase this allocation at the expense of net income. Nevertheless, the charge for the first quarter of this year at the rate of only 24.9% of gross is not reassuring in comparison with the 25.3% rate for the first quarter of last year, 26.3% for all the full 1956 year, and 31.1% for 1955.

Another source of threat to the net income of the Lackawanna is in the erosion of the road's tax credits which were such an important factor in 1956 net income. Largely due to 1955 flood losses there was a refund of taxes paid in prior years in the amount of $2,456,000 and which was taken into 1956 income. This tax credit amounted to 48½% of the $5,082,000 net income reported for 1956, or putting it another way, net income would have been only $1.55 per share without this tax credit instead of the reported $3.01 per share. After providing for sinking funds on bonds issued in the 1947 revamp, available earnings would have been only 60 cents per share without this tax credit as against the calculated 1956 available of $2.05 out of which the cash distribution of $1 per share was made for that year.

With the clarity of hindsight it is now quite plain that, in view of the fact that only half of last year's cash payment was earned "ex" the tax credit, the assumption that the $1.50 dividend rate suggested by the first quarterly payment this year could be foredoomed to disappointment. The fact that the dividend received by the Lackawanna from its Nickel Plate holding amounts to 78 cents per Lackawanna share is only a "statistic" which was the source of temporary comfort to some. It is the over-all total that counts and any other thinking has proven costly. Lackawanna stock has declined from the high of 25½ this year to the present low end of the range around 16½.

Another source of optimism, of course, has been the consolidation with the Erie of passenger terminal operations on the New Jersey side of the Hudson River and the unification of the ferry service to New York City all of which is expected to produce an annual saving of about $1 million for each road. This shift began last Oct. 13 on a limited basis, but did not include "rush hour" trains entirely until March 25 of this year. The full impact of any economies from this source consequently will not be clearly evidenced prior to the publication of the April income statement. The March statement does reflect some improvement, however, in that operating expenses were up only 2½% for the month as against March, 1956, while the increase for the first quarter was 3.7% as compared with the first quarter of 1956. Correspondingly, March net income made the relatively better showing of a 53.9% decline from that of March, 1956, as against the 74.9% decline for the first quarter. Furthermore, the net for March this year did not have the benefit of any tax credit whereas the March, 1956, net was bolstered by a $207,000 tax credit.

To summarize, the decision to reduce the Lackawanna dividend has had ample justification in the more difficult circumstances that the road has had to face and which includes some erosion of current finances. Cash amounted to $3,479,000 as of Feb. 28 this year as against $4,321,000 a year earlier and net current assets correspondingly were down $1,-629,000. The recently announced decision to replace the mainline drawbridge over the Hackensack River at the cost of some $5 million probably has little if any bearing since it has been stated that special financing will be needed for this project. The road's Nickel Plate holding, worth almost $17 million at the current market, is regarded as the logical collateral. The fact that it has been trusteed is believed to be no barrier to its availability for this purpose.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	June 2	§87.8	*86.4	87.0	96.3
Equivalent to—					
Steel ingots and castings (net tons)	June 2	§2,246,000	*2,212,000	2,226,000	2,370,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	May 17	7,511,100	7,433,800	7,550,850	7,071,200
Crude runs to stills—daily average (bbls.)	May 17	¶8,131,000	8,050,000	7,690,000	7,848,000
Gasoline output (bbls.)	May 17	27,057,000	26,019,000	26,370,000	25,653,000
Kerosene output (bbls.)	May 17	1,875,000	2,080,000	2,156,000	2,055,000
Distillate fuel oil output (bbls.)	May 17	13,003,000	12,772,000	11,942,000	11,630,000
Residual fuel oil output (bbls.)	May 17	7,798,000	8,370,000	8,345,000	8,220,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	May 17	196,383,000	197,402,000	201,945,000	186,856,000
Kerosene (bbls.) at	May 17	22,854,000	21,907,000	19,779,000	19,931,000
Distillate fuel oil (bbls.) at	May 17	86,830,000	82,260,000	72,801,000	68,495,000
Residual fuel oil (bbls.) at	May 17	39,426,000	38,745,000	36,943,000	33,414,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	May 18	722,521	723,392	686,950	778,997
Revenue freight received from connections (no. of cars)	May 18	615,799	616,468	613,805	659,051
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	May 23	$338,914,000	$357,673,000	$439,627,000	$310,263,000
Private construction	May 23	193,873,000	123,455,000	258,720,000	150,293,000
Public construction	May 23	145,041,000	234,218,000	180,907,000	159,970,000
State and municipal	May 23	96,003,000	168,020,000	136,704,000	138,131,000
Federal	May 23	49,038,000	66,198,000	44,203,000	21,839,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	May 18	9,640,000	*9,685,000	10,200,000	9,649,000
Pennsylvania anthracite (tons)	May 18	509,000	479,000	482,000	420,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	May 18	120	133	129	122
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	May 25	11,574,000	11,519,000	11,310,000	10,927,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	May 23	309	264	263	273
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	May 21	5.670c	5.670c	5.670c	5.179c
Pig iron (per gross ton)	May 21	$64.56	$64.56	$64.56	$60.29
Scrap steel (per gross ton)	May 21	$47.17	$45.83	$42.17	$49.67
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	May 22	31.105c	31.100c	31.375c	45.650c
Export refinery at	May 22	29.200c	29.300c	30.775c	44.150c
Lead (New York) at	May 22	15.000c	15.500c	16.000c	16.000c
Lead (St. Louis) at	May 22	14.800c	15.300c	15.800c	15.800c
‡Zinc (delivered) at	May 22	12.000c	12.000c	14.000c	14.000c
Zinc (East St. Louis) at	May 22	11.500c	11.500c	13.500c	13.500c
Aluminum (primary pig. 99%) at	May 22	25.000c	25.000c	25.000c	24.000c
Straits tin (New York) at	May 22	98.000c	98.500c	99.750c	96.875c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	May 28	88.61	89.55	90.17	95.44
Average corporate	May 28	95.16	95.62	96.23	104.83
Aaa	May 28	99.36	100.16	100.65	108.16
Aa	May 28	98.41	98.57	99.04	106.74
A	May 28	95.77	96.23	96.54	104.48
Baa	May 28	87.99	88.27	89.23	100.32
Railroad Group	May 28	93.97	93.97	94.41	103.47
Public Utilities Group	May 28	96.07	96.23	96.69	105.17
Industrials Group	May 28	95.77	96.85	97.47	105.86
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	May 28	3.47	3.38	3.32	2.85
Average corporate	May 28	4.06	4.03	3.99	3.46
Aaa	May 23	3.79	3.74	3.71	3.27
Aa	May 28	3.85	3.84	3.81	3.35
A	May 28	4.02	3.99	3.97	3.48
Baa	May 23	4.56	4.54	4.47	3.73
Railroad Group	May 28	4.14	4.14	4.11	3.54
Public Utilities Group	May 28	4.00	3.99	3.96	3.44
Industrials Group	May 28	4.92	3.95	3.91	3.40
MOODY'S COMMODITY INDEX	May 28	415.8	412.5	407.3	412.5
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	May 18	255,800	257,884	229,036	239,754
Production (tons)	May 18	286,720	291,074	282,574	285,921
Percentage of activity	May 18	95	95	94	97
Unfilled orders (tons) at end of period	May 18	423,348	456,700	403,901	536,619
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	May 24	110.35	110.44	110.61	108.94
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	May 4	1,600,480	1,694,880	1,249,660	1,769,500
Short sales	May 4	287,560	330,700	219,350	334,240
Other sales	May 4	1,301,700	1,400,690	977,890	1,420,770
Total sales	May 4	1,589,260	1,731,390	1,197,240	1,755,010
Other transactions initiated on the floor—					
Total purchases	May 4	339,970	392,230	283,670	351,740
Short sales	May 4	19,550	34,300	31,300	23,600
Other sales	May 4	305,850	427,860	283,310	288,680
Total sales	May 4	325,400	462,160	314,610	312,280
Other transactions initiated off the floor—					
Total purchases	May 4	582,304	594,739	559,720	651,931
Short sales	May 4	118,840	139,650	162,470	63,540
Other sales	May 4	635,268	886,548	567,932	769,829
Total sales	May 4	754,108	1,026,198	730,402	833,369
Total round-lot transactions for account of members—					
Total purchases	May 4	2,522,754	2,681,849	2,093,050	2,773,171
Short sales	May 4	425,950	504,650	413,120	421,380
Other sales	May 4	2,242,818	2,715,098	1,829,132	2,479,279
Total sales	May 4	2,668,768	3,219,748	2,242,252	2,900,659
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	May 4	1,356,428	1,474,328	1,130,815	1,505,610
Dollar value	May 4	$69,649,842	$74,561,794	$52,823,642	$82,759,993
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	May 4	1,174,170	1,303,949	946,835	1,220,665
Customers' short sales	May 4	7,406	14,109	12,817	5,958
Customers' other sales	May 4	1,166,764	1,289,840	934,018	1,214,707
Dollar value	May 4	$59,467,289	$66,219,250	$44,008,703	$63,540,360
Round-lot sales by dealers—					
Number of shares—Total sales	May 4	307,750	354,640	233,340	274,080
Short sales	May 4	------	------	------	------
Other sales	May 4	307,750	354,640	233,340	274,080
Round-lot purchases by dealers—					
Number of shares	May 4	454,620	518,200	417,490	590,860
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	May 4	524,130	657,060	594,510	506,510
Other sales	May 4	11,890,590	13,275,630	9,599,560	13,300,590
Total sales	May 4	12,414,720	13,932,690	10,194,070	13,807,100
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	May 21	117.1	117.2	117.3	114.4
Farm products	May 21	89.6	*89.7	90.7	91.3
Processed foods	May 21	105.3	*105.0	104.8	102.3
Meats	May 21	91.7	90.8	88.0	81.3
All commodities other than farm and foods	May 21	125.2	125.3	125.4	121.7

*Revised figure. ¶Includes 1,064,000 barrels of foreign crude runs. §Based on new annual capacity of 133,459,150 tons as of Jan. 1, 1957, as against Jan. 1, 1956 basis of 128,363,090 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of April:			
New England	$23,422,601	$37,866,038	$34,202,468
Middle Atlantic	131,698,857	121,164,310	82,912,848
South Atlantic	51,427,308	42,706,227	42,741,264
East Central	114,140,048	110,198,083	127,[illegible]56,628
South Central	82,445,303	78,652,140	83,340,551
West Central	36,470,442	23,950,990	36,165,613
Mountain	20,335,961	24,470,972	22,036,024
Pacific	128,291,173	104,979,391	94,737,762
Total United States	$588,231,693	$543,988,151	$524,093,168
New York City	83,437,287	81,243,150	33,453,589
Outside New York City	504,794,406	462,745,001	490,639,579
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of April	12,078	11,815	12,475
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS—U. S. DEPT. OF COMMERCE— — Month of April (000's omitted)	$762,000	$1,670,700	$707,100
COMMERCIAL PAPER OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK— As of April 30 (000's omitted)	$466,000	$489,000	$508,000
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of April:			
Weekly earnings—			
All manufacturing	$81.80	*$82.21	$78.99
Durable goods	88.51	*88.73	85.49
Nondurable goods	72.74	73.30	70.17
Hours—			
All manufacturing	39.9	*40.1	40.3
Durable goods	40.6	40.7	41.1
Nondurable goods	38.9	39.2	39.2
Hourly earnings—			
All manufacturing	$2.05	$2.05	$1.96
Durable goods	2.18	2.18	2.08
Nondurable goods	1.87	1.87	1.79
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of April:			
Seasonally adjusted	145	146	143
Unadjusted	146	148	144
LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of March:			
Death benefits	$223,800,000	$207,400,000	$207,900,000
Matured endowments	68,500,000	56,400,000	55,000,000
Disability payments	10,000,000	8,900,000	9,300,000
Annuity payments	45,800,000	41,900,000	40,000,000
Surrender values	108,300,000	94,400,000	83,700,000
Policy dividends	119,400,000	86,000,000	112,300,000
Total	$575,800,000	$495,000,000	$508,200,000
NEW YORK STOCK EXCHANGE—As of April 30 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$2,820,197	$2,741,225	$2,820,776
Credit extended to customers	27,802	28,064	33,012
Cash on hand and in banks in U. S.	318,625	313,450	360,516
Total of customers' free credit balances	807,352	*820,829	895,710
Market value of listed shares	221,595,121	212,328,639	224,681,678
Member value of listed bonds	100,657,111	101,604,819	102,898,554
Member borrowings on U. S. Govt. issues	67,583	59,802	76,341
Member borrowings on other collateral	2,204,675	2,109,411	2,334,849
REAL ESTATE FINANCING IN NON-FARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of March (000's omitted):			
Savings and loan associations	$743,513	$644,050	$815,849
Insurance companies	115,207	104,879	151,870
Bank and trust companies	334,410	308,348	468,006
Mutual savings banks	99,048	95,945	127,796
Individuals	293,188	271,203	299,634
Miscellaneous lending institutions	351,136	324,897	407,791
Total	$1,936,502	$1,749,322	$2,270,996
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)— Month of February:			
Net railway operating income	$65,734,212	$58,266,230	$67,047,929
Other income	20,121,780	23,906,864	18,615,627
Total income	85,855,992	82,173,094	85,663,556
Miscellaneous deductions from income	4,001,408	4,213,768	4,468,881
Income available for fixed charges	81,854,584	77,959,326	81,194,675
Income after fixed charges	51,351,820	47,506,712	51,406,024
Other deductions	4,342,131	4,383,197	4,396,128
Net income	47,009,689	43,123,515	47,009,896
Depreciation (way & structure & equipment)	47,624,478	47,324,211	45,287,791
Federal income taxes	25,555,400	23,849,675	24,371,175
Dividend appropriations:			
On common stock	41,277,590	29,673,781	35,854,593
On preferred stock	8,457,015	7,800,594	13,441,936
Ratio of income to fixed charges	2.68	2.56	2.73
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of April:			
Net sales	------	------	------
Net purchases	$35,384,000	$13,403,450	$46,717,700
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of March (000's omitted):			
Exports	$2,142,700	$1,583,000	$1,582,300
Imports	1,130,300	1,004,000	1,102,100
U. S. GOVT. STATUTORY DEBT LIMITATION —As of April 30 (000's omitted):			
Total face amount that may be outstanding at any time	$278,000,000	$278,000,000	$281,000,000
Outstanding—			
Total gross public debt	274,007,941	274,998,660	276,344,537
Guaranteed obligations not owned by the Treasury	102,728	109,348	59,205
Total gross public debt and guaranteed obligations	$274,110,669	$275,108,008	$276,403,742
Deduct—other outstanding public debt obligations not subject to debt limitation	448,503	450,765	468,947
Grand total outstanding	$273,662,166	$274,657,243	$275,934,795
Balance face amount of obligations, issuable under above authority	4,337,833	3,342,756	5,065,204
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of April 30	$274,110,669	$275,108,008	$275,844,912
General funds balances	5,531,560	7,673,283	5,711,817
Net debt	$268,579,109	$267,434,725	$270,133,095
Computed annual rate	2.725%	2.726%	2.537%
WINTER RYE CONDITION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—As of May 1	88%	84%	80%
WINTER WHEAT PRODUCTION—CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE—As of May 1 (bushels)	703,208,000	669,080,000	[illegible]95,000

H. R. O'Neil, Jr., Now With Bennett & Co.

(Special to THE FINANCIAL CHRONICLE)

HOLLYWOOD, Calif. — Hubert R. O'Neil, Jr. has become associated with Bennett & Co., 6253 Hollywood Boulevard. Mr. O'Neil was formerly with Fairman & Co. and Gross, Rogers, Barbour, Smith & Co.

Also with Bennett & Co. is Philip J. McArdle.

Jack Hartfield Opens

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Jack Hartfield has opened offices at 404 North Roxbury to engage in a securities business.

David R. Sadowsky

David R. Sadowsky, an officer of the investment firm of R. Sadowsky Inc., passed away May 28 at the age of 52.

Leo F. McNaney Joins Robert Vick & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Leo F. McNaney has become associated with Robert P. Vick & Company, 33 North La Salle Street. Mr. McNaney was formerly with Barclay Investment Co. in the Municipal Department.

Ed Fletcher Co. Formed

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif. — Ed Fletcher Co. has been formed with offices at 1020 Ninth Avenue, to engage in a securities business. Officers are Stephen G. Fletcher, President; Charles K. Fletcher, Vice-President, and Willis H. Fletcher, Secretary-Treasurer.

Merrill, Turben Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Eugene A. Bohlander has been added to the staff of Merrill, Turban & Co., Inc., Union Commerce Building, members of the New York and Midwest Stock Exchanges.

Allen Inv. Co. Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Louis A. Barella, Zella A. Berry, W. A. Dillon, Floyd E. Ingraham and Wilbert J. Moehrke have been added to the staff of Allen Investment Company, Mile High Center.

DIVIDEND NOTICES

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 205
Common Dividend No. 195

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending June 30, 1957 and a dividend of 30¢ per share on the Common Stock have been declared. Both dividends are payable July 1, 1957 to holders of record June 6, 1957. The stock transfer books will remain open.

E. F. PAGE, *Secretary and Treasurer*

May 22, 1957

ANACONDA

DIVIDEND NO. 196

May 23, 1957

The Board of Directors of THE ANACONDA COMPANY has today declared a dividend of One Dollar ($1.00) per share on its capital stock of the par value of $50 per share, payable June 27, 1957, to stockholders of record at the close of business on June 3, 1957.

C. EARLE MORAN
Secretary and Treasurer
25 Broadway, New York 4, N. Y.

AMERICAN MACHINE AND METALS, INC.

54th Dividend

A QUARTERLY DIVIDEND of SIXTY CENTS per share has been declared for the second quarter of 1957, payable on June 28, 1957, to shareholders of record on June 12, 1957.

Robert G. Burns, *Treasurer*

Allegheny Ludlum Steel Corporation

Pittsburgh, Penna.

At a meeting of the Board of Directors of Allegheny Ludlum Steel Corporation held today, May 16, 1957, a dividend of fifty cents ($0.50) per share was declared on the Common Stock of the Corporation, payable June 29, 1957, to Common Stockholders of record at the close of business on June 7, 1957.

S. A. McCASKEY, JR.
Secretary

CSC COMMERCIAL SOLVENTS *Corporation*

DIVIDEND No. 90

A dividend of twenty-five cents (25c) per share has today been declared on the outstanding common stock of this Corporation, payable on June 28, 1957, to stockholders of record at the close of business on June 7, 1957.

A. R. BERGEN,
Secretary.

May 27, 1957.

MERCK & CO., INC.

RAHWAY, N. J.

Quarterly dividends of 25¢ a share on the common stock, 87½¢ a share on the $3.50 cumulative preferred stock, and $1.00 a share on the $4.00 convertible second preferred stock, have been declared, payable on July 1, 1957, to stockholders of record at the close of business June 10, 1957.

CARL M. ANDERSON,
Secretary

May 28, 1957

141ST DIVIDEND

CIT FINANCIAL CORPORATION

A quarterly dividend of $0.60 per share in cash has been declared on the Common Stock of C. I. T. FINANCIAL CORPORATION, payable July 1, 1957, to stockholders of record at the close of business June 10, 1957. The transfer books will not close. Checks will be mailed.

C. JOHN KUHN,
Treasurer

May 23, 1957.

ELECTRIC BOND AND SHARE COMPANY

NEW YORK, N. Y.

Notice of Dividend

The Board of Directors has declared a quarterly dividend of thirty-five cents (35¢) per share on the Common Stock, payable June 28, 1957, to shareholders of record at the close of business on June 7, 1957.

B. M. BETSCH,
Secretary and Treasurer

May 23, 1957.

DIXIE CUP COMPANY

The following dividend has been declared:

COMMON STOCK—No. 98—50¢ per share — payable June 25, 1957 to stockholders of record June 10, 1957.

H. R. Weckerley, *Secretary*

Dated: May 27, 1957.

Pullman Incorporated

359th Dividend and 91st Consecutive Year of Quarterly Cash Dividends

A regular quarterly dividend of seventy-five cents (75¢) per share will be paid on June 14, 1957, to stockholders of record May 31, 1957.

CHAMP CARRY
President

PULLMAN STANDARD CAR MANUFACTURING CO. — Built by Pullman Standard
M. W. KELLOGG
TRAILMOBILE

QUALITY

The American Tobacco Company

211TH PREFERRED DIVIDEND

A quarterly dividend of 1½% ($1.50 a share) has been declared upon the Preferred Stock of THE AMERICAN TOBACCO COMPANY, payable in cash on July 1, 1957, to stockholders of record at the close of business June 10, 1957. Checks will be mailed.

HARRY L. HILYARD
Vice President and Treasurer

May 28, 1957

SERVING HOME AND INDUSTRY WITH ESSENTIAL BASIC PRODUCTS

EASTERN GAS AND FUEL ASSOCIATES

DIVIDENDS

COMMON STOCK — A regular quarterly dividend of 40 cents a share, payable June 28, 1957 to shareholders of record June 7, 1957.

STOCK DIVIDEND — A regular semi-annual stock dividend of 2% on the common stock payable June 28, 1957 to shareholders of record June 7, 1957.

4½% CUMULATIVE PREFERRED STOCK — A regular quarterly dividend of $1.12½ a share, payable July 1, 1957 to shareholders of record June 28, 1957.

E. H. BIRD, *President*

250 Stuart St., Boston 16, Mass.

May 23, 1957

Our stock is now listed on the New York Stock Exchange. Symbol is EFU.

IRVING TRUST COMPANY

One Wall Street, New York

May 23, 1957

The Board of Directors has this day declared a quarterly dividend of 40 cents per share on the capital stock of this Company, par $10, payable July 1, 1957, to stockholders of record at the close of business June 3, 1957.

RALPH B. PLAGER, *Secretary*

REYNOLDS METALS COMPANY

Reynolds Metals Building
Richmond 19, Virginia

PREFERRED DIVIDEND

The regular quarterly dividend of fifty-nine and three-eighths cents (59⅜¢) a share on the outstanding Cumulative Preferred Stock, 4¾% Series A, has been declared for the quarter ending July 31, 1957, payable August 1, 1957, to holders of record at the close of business July 11, 1957.

COMMON DIVIDEND

A dividend of twelve and one-half cents (12½¢) a share on the outstanding Common Stock has been declared, payable July 1, 1957, to holders of record at the close of business June 11, 1957.

The Transfer Books will not be closed in either case. Checks will be mailed by The Chase Manhattan Bank.

ALLYN DILLARD, *Secretary*

Dated, May 23, 1957

ROBERTSHAW-FULTON CONTROLS COMPANY

Greensburg, Pa.

MR. CONTROLS ®

PREFERRED STOCK

A regular quarterly dividend of $0.34375 per share has been declared on the $25.00 par value 5½ per cent Cumulative Convertible Preferred Stock, payable June 20, 1957 to stockholders of record at the close of business June 10, 1957.

COMMON STOCK

A regular quarterly dividend of 37½c per share has been declared on the Common Stock payable June 20, 1957 to stockholders of record at the close of business June 10, 1957. The transfer books will not be closed.

WALTER H. STEFFLER
Secretary & Treasurer

May 15, 1957

YALE & TOWNE

Declares 277th Dividend

37½¢ a Share

On May 23, 1957, dividend No. 277 of thirty-seven and one-half cents per share was declared by the Board of Directors out of past earnings, payable on July 1, 1957, to stockholders of record at the close of business June 7, 1957.

F. DUNNING
Executive Vice-President and Secretary

THE YALE & TOWNE MFG. CO.

Cash dividends paid in every year since 1899

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — Amendments to three areas of the laws administered by the Securities and Exchange Commission are under consideration in the securities subcommittee of the Senate Banking Committee. Ohio's new conservative Democratic Senator, Frank J. Lausche, is Chairman of this subcommittee.

None of these amendments under consideration currently is expected to get so far as to become law this year. There is also considerable doubt as to just what the full Banking Committee may be able to agree upon between now and adjournment.

Senator Homer E. Capehart, of Indiana, the ranking Republican member of the full committee, is author of a bill, S. 1601, which aims to require the disclosure of the beneficial ownership of securities voted by proxy in a contested corporation election. In other words, it seeks to draw out into the open the identity of a beneficial owner where he is not listed as the owner.

SEC testified against the Capehart bill. In brief, its position seemed to be that the provisions of the bill as drafted wouldn't do the trick. It may be doubted that this bill will get out of committee.

A related proposal also offered by Mr. Capehart is S. 5904 to amend Sec. 16 of the SEC act of 1934 to lower to 5% from 10% of any class of security, whose ownership, including beneficial ownership must be disclosed to the SEC and thus to the public.

SEC officials seemed to say that they did not much care whether S. 5904 did or did not pass. They did not oppose the bill. So SEC, as it were, "didn't say yes and she didn't say no."

Foreign Route

Both the securities subcommittee of the Banking Committee and the separate Internal Securities subcommittee of Senate Judiciary are interested in trying to figure out some way to bring about the disclosure of concealed ownership obtained by purchases through foreign, especially Swiss banks.

As for the Internal Security subcommittee, it has its own pitch. Under the domestic laws guarding the secrecy of weapons and other defense secrets, officials of domestic companies are cleared to be let in on these secrets. This is so the companies can intelligently participate in defense production.

It is the apprehension of the Internal Security subcommittee that by anonymously buying into the occasional if small American company whose top employees are cleared to get this top secret fill-in, the Reds can indirectly themselves become acquainted with what they shouldn't know and pass the information on to the Kremlin.

SEC is obviously not much impressed with the Internal Security committee's worry. In testimony several weeks ago, it emphasized that where U. S. nationals or foreign buyers can conceal their identity by purchases through Swiss banks, this generally frustrates the SEC all around in administering the regulatory features of its acts. Which is what interests SEC primarily.

Opposes Legislation

In general, however, SEC insists it sees no practical way by which domestic legislation in the U. S. can force a foreign bank to disgorge the identity either of an American national buying through a foreign bank, or give enough information about the foreign buyer to be sure he is neither (1) an agent of the Kremlin, or (b) a foreigner who is taking advantage of his anonymity to evade or avoid, according to how the lawyers look at it, the regulations of the SEC on domestic securities.

Committee Interested

Between the Banking subcommittee and the Internal Security subcommittee, however, a valiant attempt is going to be made to see if something can't be cooked up in the way of legislation which will force some disclosure of the identity of foreign owners, or purchases by Americans through foreign banks.

SEC says it can only bring forth productive results by negotiation with foreign countries, and that as to the key country, Switzerland, it already is holding conversations. What legislation either Senate subcommittee will conjure cannot be forecast at this stage.

Unlisted Securities

This year's version of regulation of the over-the-counter securities is Senate Bill 1168, which is identical with the "committee print" bill of August 1955, except that it removes the exemptions for insurance companies.

This bill would bring within SEC jurisdiction as to the registration, reporting, proxy, and insider trading regulations, the securities of any company having $2 million of assets and (a) either equity securities held by more than 750 shareholders, OR (b) having any class of debt security with a principal amount of $1 million or more.

An earlier 1955 version of encompassing the unlisteds would have applied to companies with $5 million of assets and 500 shareholders. Preceding that was a 1950 version applying to companies with $3 million of assets or 300 shareholders.

SEC said that it would approve such a proposal with two amendments. The first would eliminate the insider trading provisions of Sec. 16b of the 1934 act. The second would keep Sec. 16d of the 1934 act which in effect provides that anyone registering a new issue of $2 million or more under the 1933 act would have to file periodic reports.

J. Sinclair Armstrong, who is just moving from Chairman of the SEC to the Navy Department as Assistant Secretary indicated, however, no great SEC fervor for netting the unlisteds. He pointed out that such a new regulatory power would cost not less than $500,000 per annum to administer. This would affect an outside of 1,205 unlisted companies and 169 insurance companies, some of which are subject to other provisions of the act.

Hence, Mr. Armstrong seemed to indicate, the $500,000 could be spent more profitably administering better some of the other provisions of law under the agency's jurisdiction.

Raise Small Business Exemption

A third area of amendments under consideration by the securities subcommittee of the Senate Banking Committee would raise to $500,000 from $300,000 the "exemption" from SEC registration. In fact corporations with an issue of $300,000 or less apply under Regulation A for a short form registration which involves much less red tape, time and cost than the full form. Usually the SEC grants the exemption.

SEC said it would approve this bill, sponsored by Senator John J. Sparkman (D., Ala.), and Chairman of the special Senate Small Business Committee, with an amendment which would have the effect of increasing the civil liability of issuers under Regulation A.

House Pursues Different Enterprise

For several years it has been a steady affair that the House Interstate Commerce Committee, which in the lower chamber has jurisdiction over SEC affairs, is pursuing a different enterprise from the Senate Banking Committee. It is that way again this year.

The House Committee is undertaking an exhaustive review of the activities of all the quasi-judicial agencies within its scope, which are administering regulatory statutes. The idea is to see to what extent the regulatory agencies are in fact following the intentions of Congress as expressed in the original acts, and to what extent, by interpretation, the regulatory agencies are departing from what the Congressional students think was the original intent of Congress.

So long as this study is under way, and it is likely to go on for a good many months, the House Committee will be in no mood to expand, modify, or otherwise play around with changes in the SEC act. This inquiry, incidentally, has the highest House blessing. It is backed by Speaker Sam Rayburn.

Come and Get It

That wonderful Community Facilities Administration of the Housing and Home Finance Agency whose power is so broad it can finance as it has announced it will do, an international toll bridge, has another string to its bow.

That is it can finance through loans local public works planning down to the lowest level, the town, or government. Furthermore, the agency has issued a pamphlet entitled "A Program of Public Works Planning," which is in the nature of a "come and get it" appeal.

It develops that CFA can grant "interest free loans" to any local governmental unit it wants, to plan any kind of a public work. In general the law places no restriction on the discretion of Federal officials in defining what kind of planning is eligible for a loan. In practice, however, the agency will not finance long-range, general public works programs.

If a small town wanted to build a water works or a sewer system, Uncle Sammy would come right along and advance the cost of hiring somebody to plan and figure out the thing.

"Planning advances can cover the cost of engineering and architectural surveys, designs, plans, and estimates, working drawings, and other data essential to the construction," says the come-on folder.

Easy Payments

Furthermore, "advances are repayable without interest when construction is undertaken or started." The obverse, of course, is that they **need not be repaid** until construction is started.

Agency officials were asked what would happen if the town or school board or county or small city gave up the project after getting a planning advance, how would the Federal Government collect? They said the debt would be turned over to the General Accounting Office for collection, which does not mean that the officers of the municipality would have their property attached like a Federal taxpayer who refused to pay his personal income tax liability to finance such a sweet and soft kind of loans.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

"I don't care HOW you do it at the Stock Exchange— in Bridge that's not the way we bid!"

Business Man's Bookshelf

A. F. of L. in the Time of Gompers—Philip Taft—Harper & Brothers, 49 East 33rd Street, New York 16, N. Y. (cloth) $6.75.

Century of Financial Advertising in the New York Times—Burton Crane — Book tracing the development and changing character of financial advertising over the past 100 years—The New York Times, Times Square, New York 36, N. Y.

Ford Foundation Annual Report for 1956—Ford Foundation, 477 Madison Avenue, New York 22, N. Y.

How Trusts Can Save You Income, Estate & Gift Taxes—K. Lasser Tax Report—Business Reports Incorporated, 2 Ea[st] Avenue, Larchmont, N. Y. (paper) $5.00.

International Status of the Dollar—Fred H. Klopstock — International Finance Section, Department of Economics & Sociology, Princeton University, Princeton, N. J. (paper) on request.